Kodak looks for a new exposure, Page 16

No. 29,835

Wednesday January 22 1986

D 8523 B

World news

rejects

EEC

Folketing Major

reforms The Folketing (Danish parliament) voted hast night by 80 votes to 75 to reject the reforms of the EEC which were negotiated in Luxembourg last month.

Prime Minister Poul Schlüter is expected to submit the issue to a referendum, probably at the end of

The Folketing called on the Government to reopen negotiations on the reforms with other EEC members. Schlüter is not expected to an-nounce the referendum until he has received a response from the Community. Page 18

'100 civilians killed'

About 100 civilians were killed by Soviet air attacks oo central Af-ghan towns of Charikar and Kuhistan, earlier this mooth, Western diolomats said.

Beirut blast deaths

A car bomb killed at least 27 people and wounded about 70 in east Beirut. Page 4

Somalia famine threat More than 2.5m people could face

famine in Somalia after a long drought which has killed livestock. Interior Minister Ahmed Suleiman

G5 extension

France held out the possibility that Italy and Canada may be invited to future meetings of the so-called Group of Five finance ministers. which has emerged as an informal steering group for decisions on interest rates and the dollar, Page 3

ivory Haul

Belgian customs officers have WALL STREET: The Dow Jones inseized nearly 11 tonnes of ivory in dustrial average closed down 14.68 containers apparently destined for at 1,514.45. Page 38 the Middle East.

Sex doll ruling

British customs officials who seized 490 blow-up sex dolls to protect pub- 10.8075 (FFr 10.7175) and Y284.75 lic morals broke EEC rules on the free movement of goods, a European judge declared in Luxem-

Farmers protest

Thousands of French farmers marched through the northern city of Amiens to protest against a fall in their income.

Spanish lock-out

Spain's state shipyard Bazan locked out its 2,800 workers in Cadiz because of their protests against job

Kampala calm

Calm returned to the suburbs of Kampala after three days of clashes between government troops and National Resistance Army rebels.

Lesotho talks

A delegation of the Lesotho military council, which seized power in a bloodless coup, flew to Cape Town for talks with South African Foreign Minister Pik Botha aimed at restoring normal relations between the two countries. Page 4

Danube dam damned

Environmentalists from Austria, Hungary and West Germany signed a declaration in Budapest to fight an Austro-Hungarian plan for a dam and power plant on the Danube, part of a network involving

Bonner setback

Soviet dissident Yelen Bonner has developed complications following heart bypass surgery and may require an extension of her threemonth visa to stay in the US.

Khameini offended

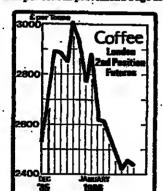
President Ali Khameini of Islamic fundamentalist Iran refused to attend a banquet at Harare, Zimbabwe, where women were seated at the top table and wine was

Business summary

US bank loses \$178m

BANKAMERICA, West Coast US group, is to omit its fourth-quarter dividend after a net loss of \$178m for the three months against a \$44m profit in the previous corresponding

Citicorp of the US reported a 7 per cent fall in final-quarter net earnings. Full-year results showed a 12 per cent improvement. Page 19



COFFEE prices fell further on the London robusta futures market amid continuing uncertainty over talks on the International Coffee Organisation's export control system. The March contract was down £20 to £2,432.50 (\$3,405.50) a tonne.

TOKYO: Prices fell for the fourth consecutive session. The Nikkei average lost 70.55 points to 12,881.50.

LONDON was boosted from early low levels by a late firmness in the price of crude oil. The FT index closed 2.6 up at 1,108.7, and the FT-SE 100 index was 0.2 lower at 1,378.1. Page 38

STERLING dropped 85 points against the dollar in London to \$1.407. It also fell to DM 3.4575 (DM 3.4975), SFr 2.9325 (SFr 2.9675), FFr (Y286.5). The pound's exchange-rate index finished at 76.2, down from 76.9. Page 31

DOLLAR was on the whole weaker in London, closing at DM 2.457 (DM 2.471), SFr 2.084 (SFr 2.097) and FFr 7.54 (FFr 7.5725). It improved slightly to Y202.4 (Y202.35). On Bank of England figures the dollar's exchange-rate index fell to 125.9 from

126.2. Page 31 GOLD rose \$1.125 on the London bullion market to \$352.75 and was \$5.125 higher in Zurich at \$356.875. In New York the Comex February settlement was \$352.80. Page 30

NORTHERN Telecom, Canadian te lecommunications supplier, lifted net earnings to C\$125.3 (US\$89.5m) in the fourth quarter compared with C\$123.1m in the year-ago

period. COMMERZBANK, a leading West German commercial bank, is rais-ing DM 900m (\$364m) through a rights issue and plans to raise its annual dividend. Page 19, Lex,

TOTAL Compagnie Française des Pétroles (CFP) expects to report net earnings of more than FFr 1.5bn (\$198m) for 1985, according to Francois Xavier Ortoli, chairman of the French group. Page 19

DATA GENERAL, US semiconductor maker returned net earnings of \$1.1m during its first fiscal quarter compared with \$23m in the previous corresponding period. Page 19 ALCOA, leading US aluminium manufacturer returned a loss of \$16.6m for 1985 after charging off \$156.9m related to restructuring of the business which was previously

announced. Page 19 BELL RESOURCES of Australia, controlled by Robert Holmes à Court, nearly trebled net profit last

HOFFMANN-La Roche, Swiss chemicals group, expects further improvement in earnings for 1985 after an 8.1 per cent rise in turnover to a record level. Page 19

Singapore questions key Malaysian leader over Pan-Electric

leader of the country's powerful Chinese community, was unexpec-tedly taken into custody by the Singapore authorities yesterday as in-vestigations intensified into the affairs of the failed Pan-Electric Industries, writes Chris Sherwell in

Singapore.
The sudden action, suggesting that Singapore is determined to pursue its inquiries to the highest evel, seems certain to complicate the delicate internal balance among Malaysia's political parties and pose problems for Dr Mahathir Mohamad, the Prime Minister. It also spells trouble for financial-

ments, and it signals the probable custody at 7pm following investiga-end of the road for creditors and shareholders of Pan-Electric who hoped he could belp to save the nancial affairs of Pan-Electric company in which he holds an influ- Industries."

bave already led to the umprecedented three-day closure of the Singapore and Kuala Lumpur stock exchanges, greatly damaged foreign

Lee Kuan Yew, Singapore's Prime Minister, were in contact before yesterday's dramatic action.

The potential embarrassment for

His wife said he hoped to be released later last night, and Dr Ma-The troubles of the marine salhathir is expected to make a state-vage, property and hotel group — ment in Kuala Lumpur today after put into receivership at the end of November with \$\$400m in debts — sumed that Dr Mahathir and Mr

honour at least \$\$140m (\$65m) The Singapore Ministry of Fiworth of share purchase agreenance said Mr Tan was "taken into Chinese Association, the country's principal Chinese political party, settling a protracted internal rift and promising greater stability for the ruling coalition.

> nomic downturn and the fallout from banking scendals, has wanted to call an early election in order to win a fresh mandate. Mr Tan's financial woes currently appear to make him a liability.

Dr Mahathir, besieged by an eco-

For several Singapore brokers looking ultimately to Mr Tan, the picture is unrelieved gloom. He now seems unwilling to meet the com-

Kodak to

re-enter

35 mm

market

By Elaine Williams in London

EASTMAN KODAK, the world's

ic sector with a growth rate in

double figures. That was the main

colour films and papers designed to

provide more accurate colour

Only the films will be manufac-

tured by Kodak itself. The cameras

era models will be introduced to the

UK in July, and two others will be launched within a few weeks in the

US. The prices of the UK models

range from £40 up to £130, and fea-

tures include automatic focus and

after an absence of 15 years.

buy S\$140m of shares, mainly in his own network of companies. Mr Tan indirectly bolds n 22.6 per cent stake in Pan-Electric. Moreover, in a problem unrelated

to Mr Tan, up to S\$144m worth of other forward share commitments by Growth Industrial Holdings, which holds 31.6 per cent of Pan-Electric, also seem unlikely at this point to be honoured, since GIH take over businesses that collapsed announced on Monday that it was

reasing operations.

A further blow to the Singapore broking community came on Monday night wheo it was forced to agree to the creation of a new sent

MR TAN KOON SWAN, the Malayiv stretched Singapore stockbrosian businessman who is political king firms which expect Mr Tan to slashed share prices.

Dr Mahathir is acute. As recently mitments he took over from Panon the local stock exchange for each
as last November, Mr Tan secured Electric at the end of December to of the big four domestic banks - Development Bank of Singapore, Oversea-Chinese Banking Corporation, Overseas Union Bank and United Overseas Bank.

> At the time of the market's closure io early December, the banks established a S\$180m "lifeboat" to ensure that the obligations of trou-bled brokers could be met. It was or take a stake in others, but Monday's decision takes matters much further and few brokers will be able

> > Continued on Page 18

Further slide in £ raises threat of sharp rates rise

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN faces the threat of another sharp rise in interest rates following a further slide in stering's value yesterday in response to continuing nervousness over oil

Mrs Margaret Thatcher, the Prime Minister, told the House of that its inflatioo objectives were not Commons that, while the Government obviously did not like rises in interest rates, it was "hound to take"

At the same time, however, there was some confusion in financial action" to ensure that keeping down inflatioo remained its first priority.

Mr Neil Kinnock, the Labour Par-

ty leader, responded that Mrs

scope for tax cuts may now have peen reduced to well under £1bn (\$1.4bn) and perhaps removed alto-gether unless it is prepared to raise ts public-sector borrowing target. In the London money markets, wholesale interest rates edged high-er, but the Bank of England sig-nalled that it was not immediately

prepared to lead an upward move in bank base rates from the present 12% per cent. There was intense speculation in rates might be forced up to 14 per cent within the next few days unless there was an unexpected re-

Yesterday, oil prices initially re-bounded after Monday's sharp fall but then dropped to their lowest for

The pound, which was thought to have been supported by official intervention after Monday's heavy

Lawson, Chancellor of the Exche-

value against a basket of major cur- impact of falling oil prices on gov rencies and fell to a new low ernment revenues. against the D-Mark.

Mrs Thatcher's remarks were mist at broker Simon & Coates, clearly aimed at reassuring the said yesterday that, on the basis of markets that the Government an average oil price of \$20 a barrel would act if necessary to ensure over the next financial year ard a

markets regarding the signals com-ing from the authorities.

The Bank of England's stance was being interpreted as suggesting that it was prepared to let sterling

Thatcher was the only person left take the strain of market spectual from Mo other curvatures of economists forecast, bank is that last week it agreed to to 78.2.

Dominin North lend £1bn to the banking system at a fixed 12% per cent interest rate,

> due to be paid later today. The Treesury's official view, however, has been that sharp falls in the exchange rate - whatever the cause -should be resisted to prevent an inflationary shock to the

and the second tranche of that is

Foreign exchange dealers said yesterday that, with speculation against the pound now widespread, the danger was that, if the British authorities continued to resist a rise in base rates, then selling sterling would be seen as a "one-way bet."

as trying to head off higher borrow-The problems faced by Mr Nigel

losses, lost nearly I per cent of its quer, have been compounded by the

group, is to re-enter the main-stream 35 mm camera market now dominated by the Japanese Mr Gavyn Davies, a senior econ

Its announcement yesterday came in the wake of its defeat in a long legal battle with Polaroid over instant photography patents which has resulted in Kodak's enforced sterling/dollar rate of \$1.35, Mr withdrawal from that market. The Lawson may have a maximum of US-based group values its invest-ment in instant photography plant £750m for tax cuts in his March and equipment at \$230m. It said yesterday it saw the 35 mm market as the only photograph-

Other brokers said that, if the exchange rate averages \$1.40, the scope for reductions would be eliminated completely.

The pound closed in London yes

reason for its return to that market. terday at \$1.4070, down 0.85 cents It will, however, be selling cameras from Monday, while losses against made in Japan. other currencies were reflected in a Overall, Kodak is seeking to 0.7 point drop in the sterling index strengthen its positioo in three major market sectors. These are en-

Dominic Lawson writes: Trading compassed by 11 products, an-nounced yesterday, including 35 in North Sea oil yesterday was ex-tremely volatile, registering sharp rises, followed by a steep drop in mm compact cameras, its first venture in mini-processing labs - fast later hours. turnround film processing equip-Opening at a price of \$19.75 a.barment small enough to fit into a chemist's or high-street outlet - and

rel, March cargoes of Brent, the main North Sea crude, advanced steadily to \$20.80, as traders in London decided that Monday's plunge below \$20 a barrel was overdone. But a statement by Mr Ali Attiga,

the Libyan secretary general of the Organisation of Arab Petroleum Exporting Countries (Oapec), that the Organisation of Petroleum Exporting Countries should have a market share of about 18m barrels of oil a day - 2m b/d above its current output ceiling - caused oil prices to plummet on both sides of the Atlantic. An April shipment of Brent was

bought at a new six-year low of \$19.15 a barrel Lex, Page 18; Money markets,

Looking for a new exposure,

integral flash units.

UK may cancel Nimrod and buy US aircraft

BY BRIDGET BLOOM IN LONDON

largest photographic products group, is to re-enter the main-MR GEORGE YOUNGER, Britain's new Defence Secretary, is considering the possibility of cancelling the Nimrod early warning aircraft and buying instead the E3A Awacs aircraft, manufactured by Boeing of the US and already in service with

Mr Younger is under pressure from the Royal Air Force (RAF) to come to a rapid decision on the controversial project, which has al-ready cost about £1bn (\$1.4bo) and is likely to be well over three years late entering service. The RAF believes that the lack of

an effective early warning system leaves a critical gap in Britain's air defences. The RAF would like Nimrod to be replaced by the Awacs RAF terms an initial operating (advanced warning and cootrol system) aircraft.

Mr Younger, who is being briefed on Nimrod as a matter of top priori-ty, is expected to take the matter to Cabinet shortly.

top of that to bring Nimrod up to the full standard that Britain's air defences will then require.

with Nimrod or to replace it, the Defence Ministry will have to meet an setting his face against the cancel-additional bill of at least £600m- latioo of Nimrod, bad not autho-£700m to give the RAF the capabili- rised officials to seek alternatives. ty it needs. The ministry, however, is under great pressure from the Treasury to match its budget over the next few years to the diminishing resources now being allocated

ters on the failure of its complex GEC's managing director, and Mr radar and electronics system, which is being developed by GEC Avion-the Westland affair intervened, Mr ics, to work to the RAF's Heseltine, bowever, had told GEC GEC Avionics told Mr Michael the development work on Nimrod

Continued on Page 18 another three years to bring Nim- sage.



Mr George Younger

The RAF now believes that it could cost another £300m-£400m on top of that to bring Nimrod up to

...He faces an acute dilemma. No firm estimate of the likely Whether he decides to continue cost of the Awacs to Britain is avail-No firm estimate of the likely able since Mr Heseltine, apparently latico of Nimrod, bad not autho-Mr Heseltine resigned earlier

this mooth after disagreeing with Cabinet policy over the handling of rival rescue plans for Westland, the ailing UK helicopter company.

The problem with Nimrod cen- versations with Lord Weinstock, that its estimates for completion of Heseltine, Mr Younger's predeces-sor, just before Christmas that it would cost an extra £430m and take shortly to deliver the same mes-

Continued on Page 18

Glaxo to liquidate baby-foods unit hit by salmonella cases

BY CHARLES BATCHELOR AND TONY JACKSON IN LONDON

Farley was forced to withdraw its entire range of products, including shutdown running into several mil-Osterfeed, Ostermilk and Complan, lion pounds. an adult diet supplement, from the market in December after a statistical link was established with an to about £3.5m (\$4.9m). outbreak of salmonella poisoning.

normally. year to A\$104.2m (US\$71.8m). Page 23

was negotiating the purchase of the ters staff work in Plymouth. Farley business until the salmonel- Farley made a pre-tax profit of

GLAXO, the UK pharmaceuticals by it would now be interested in the the year ended June 1985. Turnove. group, yesterday put into liquidation Farley Health Products, its
troubled baby-food products subsidinto the products subsidinto the products are formula now be interested in the
milk products side of the business.

A condition of the voluntary
into the products subsidinto liquiinto troubled baby-food products subsid-liquidation was a declaration from lary, to clear the way for the sale of Glazo that all creditors would be paid in full and that Glazo would meet the total loss arising from the

Farley said the shutdown had de-Farley's losses have been car Farley will be split into two sepa-by refunds to customers who had rate subsidiaries, one of which will bought its products, the removal of take over the milk products busi-stocks from retailers' shelves and

ness in Kendal, north west Eng-redundancy costs.
land, which has been closed down, More redundancies might be land, which has been closed down. More redundancies might be and the other which will take over needed at the Kendal factory, the rusk and cereal business in Ply- which had been shut since Dece mouth, which is operating ber 20 for tests on the source of the outbreak, Mr Jordan said. About 60 Separating the two parts of the temporary and part-time staff out business will make them easier to of a Kendal workforce of 320 have sell, said Mr Michael Jordan, joint already been made redundant, and liquidator, of accountants Cork there is no indication yet of when Fully. the factory will reopen. A further Boots, the retzil chemist which 600 production, sales and headquar-

is split equally between the milk and rusk product sides of the busi-ness. Farley declined to break down their respective profit contribu-

The Farley sale would leave Glaxo with only a handful of nonprescription products and its ani-mal health business. It disposed of three non-core business activities last year, comprising drug distribution, surgical products and hospital furniture manufacture.

Glaxo employs about 23,500 people and made a pre-tax profit of £403m on turnover of \$1.41bn in the year to June 1985.

Twenty-nine salmonella cases have been reported among babies who had been fed on Farley's, and traces of salmonella bacteria have been found both in Farley's plant at Kendal and in a packet of Farley's

One baby affected by salmonella has died, though Britain's Depart-ment of Health is careful to point out that it is still unclear whether la outbreak, said it was very unlike- about £4m on turnover of £40m in Farley products were involved

TO EXPLOIT CALIFORNIA'S **BUSINESS OPPORTUNITIES,** TALK TO CALIFORNIA'S **BUSINESS BANK.**

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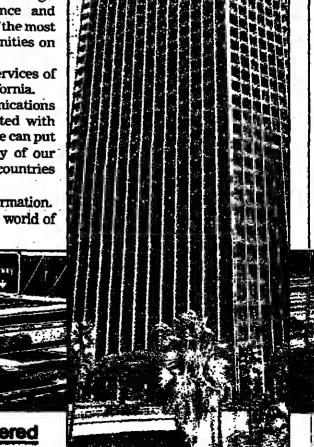
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France presses UK for Ariane satellite launch

FRANCE is stepping up diplomatic pressure on Britain to persuade the UK Defence Ministry to launch the Skynet 4C military communications satollite with the European rocket Ariane rather than the US space shuttle.

Indications are however that the Dofence Ministry, which says it needs to take e decision on the matter before the end of the month, will disappoint the French by opting for the

Mr Jacques Viot, France's ambassador to the UK, has asked to see Sir George Younger, Britain's new Defence Secretary. to discuss the matter but has not yet been given a date for a

Mr Hubert Curien, the French Research and Technology Minister, tried to persuade Mr Michael Heseltine, the former Defence Secretary, of the need to launch the satellite with the French-led Ariane rocket during the last Anglo-French ministerial meetings in London at end-



Mr Curien: Persuasion

to be made three years beforehand. The Defence Ministry has up to now merely made reservations with both Ariane and the space shuttle.

France appears to be trying to use the Skynet affair as a touch-

craft is only in the early stages of being built-by a consortium led by British Aerospace, which also includes Matra of France -British officials say converting the satellite to make it capable of being launched by Ariane This is because the Skynet

series—the first two craft, A and B, are due to be launched with the shuttle this summer and early 1987—has been built to be carried in the abuttle's cargo

British officials say the neces sary modifications would include changing the aerial supports and adjusting the spacecraft for different levels of vibration and

stress on board Ariane. France has showed itself not satisfied with Britain's explanations so far, pointing out that most commercial satellite companies, including those from the US, spread their orders between

the US and European launchers. A further reason tipping the stono of Britain's desire for the shuttle is the British Govern European collaboration in the ment's belief that this would The spacecraft is not due to wake of Mr. Heseltine's resignation allow a British astronaut to take be placed in orbit until late nation over the Westland helipart in the 1988 flight—not a 1983 hut a decision to book a firm launch slot needs generally

Even though the Skynet 4C

Concern at cost of fast breeder BY OUR PARIS STAFF

SUPE RPHENIX, the French-led expense of the project and 1,200 mW fast breeder reactor, warned that it wishes to lower has fivally started to deliver its stake in the new European

has finally started to deliver current to the European electricity grid. But Electricite de France (E of F), the French state utility which has a 51 per cent stake in the power station, has voice'd concern about the

FINA NCIAL TIMES PING CULIAL TIMES

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FFr 25bn (£2.3bn) to put into operation after a controversial 11 years of construction at Creys-Malville near Lyon in the Rhone valley, will produce elec-tricity at more than twice the cost of France's network of tors (PWRs).

Mr Marcel Boiteux, the EdF chairman, said that Superphenix until 1987-88, raising doubts was a "technological success whether it would be completed but an economic disappoint- this century. Superphenix, which is the world's first commercially ment."

The breeder, which burns a mixture of plutonium and depleted uranium normally dis-carded by the nuclear industry, aims to save onergy resources by stretching considerably the useful life of the world's uranium reserves. The econouranium reserves. The economics of fast breeders have been the project, and West Germany. Undermined in recent years, Mr Carle said European however, by slower growth in utilities were trying to interest energy demand, a fall in electricity companies in the US uranium prices and a drastic and Japan in the future project. scaling back of nuclear con but nothing concrete had yet struction programmes. heen decided. struction programmes.

Mr Remy Carle, EDF's equip ment director, said the utility wanted its stake to fall below fast breeder planned for the 50 per cent in a planned future 1990s. the Italian, West German, British, Dutch and Belgian elec-

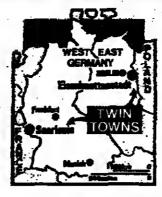
tricity industries.

Britain's Central Electricity Generating Board bas a stake of only about 1 per cent in Super-phenix but could be expected to France's network of increase its share perhaps to 16 ad water nuclear reac-per cent in any future project. A decision on the future breeder will not be taken at least

operating breeder, will be under-

going further tests in coming

months before going into full use towards the end of the year, Starting on January 14, it has been delivering current not only. to France but also to Italy, which has a 32 per cent stake in



'Twins' help to bridge the German divide

ANOTHER TINY milestone on the path towards more normal relations between the two German states has been reached with the agreement in principle on the first "twinning" agreement between towns in the two countries.

The towns involved are Saarlouis, in the state of Saarland close to the frontier with France, and Eisenbucttenstadt, fust south of Frankfurt-on-the Oder a few miles from East Germany's border with Poland.

The agreement owes not a little to the fact that the Sanland is run by a left-leaning Social Democrat (SPD) administration and is, moreover, the hirthplace of Mr Erich Honecker, the East German leader. However, national politicians here are hopeful that it is a further pointer to East German readiness to allow easier human contacts between

the two states. Mr Manfred Heinrich, the mayor of Saartouis, said yester-day that exchanges should not merely involve officials but, as with twinning agreements with other West European states, embrace school groups, sports teams and reciprocal boliday

Whether events so transpire remains to be seen. However, the Saarlouis/Eisenhuettenstadt agreement comes shortly after Germany which now awaits the a Community party congress in approval of the individual late March. Laender (states).

Laender (states).

There has been speculation here that its signature might prove the occasion for the keenly anticipaled working visit to West Germany by Mr Honecker, originally set for September 1984 but called off after fierce Soviet pressure off after fierce Soviet pressure of the East German leader.

Supporters of Charter 77 said their long disconnected telephones were re-installed recently, while confiscated type-writers have been returned by the police. A spokeswoman for fierce soviet pressure of the East German leader.

THE RULING centre-right coalition here is showing the

W. German property giant wants state aid, writes Rupert Cornwell

more embarrassing difficultythe deepening financial plight of Neue Heimat, its giant property and construction group. What is claimed to be Europe's largest housing concern has been forced recently to deny reports that it is on the brink of collapse. The Boun government has already re-jected its feelers about a possible ball out.

At the same time, rumours are multiplying that the DGB, the central union federation, and its 17 member unions are examining sweeping changes in the structure of their massive financial and industrial hold-ings, to help ease the problems created by Neue Heimat.

THE WEST GERMAN labour

aiready embroiled in conflict

with the Government over planned changes in the country's strike law, is now being forced to tackle a still

movement, weakened

The troubles stem from excessive land buying and de-velopment in the late 1970s, based upon a misreading of the property market. Neue Helmat's former management was replaced in 1982.

Mr Diether Hoffman, summoned that year to re-organise the concern, has since pursued a controversial policy of selling off part of its housing stock to restore its finances. Since 1982 somo 50,000 homes have been disposed of staving off the day of reckoning, but the group is still losing money heavily.

At the end of 1984, Neue dismaying prospect of being.

At the end of 1984, Neue dismaying prospect of being.

Heimat's debts totalled debate over Neue Hoimat just of it is long torm, and secured campaign for the Federal election of January 1987. The signs are that the ruling central right. which 40 creditor banks are affair for every vote it can get, stato rescue for Neue Heimat be the last,

first signs of a readiness to compromise on its bitterly contested plans to tighten the existing strike laws in West Germany, writes Rupert Cornwell.

would have the effect of severely restricting the right of workers laid off as a result of a strike to claim unemployment benefits, has been greeted with outrage by the union movement. Equally seriously, it has caused much unease in the wing of the Christian Democrat party of Chancellor Heimut Kohl Chancellor Hemmt Ronz which traditionally draws sup-port from the working vote. These doubts surfaced at the weekend most visibly, in

committed only until the end of 1986.

But the greates embarrassment is the timing of this latest siring of the group's difficulties, which threatens to deflect attention from the union's hatilo to thwart the Government's plan to tighten legislation against strikes.

natural ally of the opposition Social Democrat (SPD) party. which has long been upset at Noue Helmat's sell-off policy, which has pushed up the rents of low income tenants who normally support the party. Now, the SPD also faces the

The union movement is the

is long torm, and secured campaign for the Federal electinjected some DM 1.5bn into remains aloof, something out of against property assets. The tion of January 1987. The signs their problem child however, the ordinary will have to real worry involves DM 1.7bn are that the ruling centre-right With both sides rejecting the happen if the latest chapter of short term borrowings, to coalition intends to exploit the obvious simple trade off—a the Neue Heimat affair is not to

a tense meeting of the CDU's social affairs representatives, chaired by Mr Norbert Bluem, the Labour Minister. Senior party spokesmen now accept the possibility of changes in the amendment's text, although they maintain that its broad thrust must

remain intact. For their part the unions are divided on how to proceed. While militant unions like IG Metall, the 2.5m-strong engineering workers group-ing, favours all-out protest, this course is opposed by more moderate unions like the chemical workers, who believe that a co-ordinated "action day" by all 17 member unions of the central labour federation would be

Chancellor Helmut Kohl has already turned a deaf ear to a plea from Mr Hoffmann that central Government should step In. Mr Gerhard Stoltenberg, his tight-pocketed Finance Minister, has gone further, suggest-ing the unions would be better employed "giving DM 1bn to help Neue Holmat, instead of

unconstitutional.

frittering away the money on demagogic protest" against the mooted new strike law. Despite the fact that municiworked with Neue Heimat on terms at the very notion that communal housing projects, the lebour might have to resort to view of the Government is that it is up to the unions, as the itself off its financial hook.

The outrage house.

The unions have already

Cash tremors rock union edifice return for uncontested assage for the strike Bill—the labour federation is having to look elsewhere for an answer. One idea being canvassed is for the housing group to be split up into nine separate entities, each covering a single Land, or state. A second is that foreign banks exposed to Noue Heimat should have their loans taken over by domestic banks, thus permitting a purely "German" solution to the

Crisis. An alternative possibility, into which the magazine Der spiegel has ventured in great detail, is a partial flotation, or sale of the considerable other interests held by the union movement's central holding company.

Beteligungsgesellcompany. Beteiligungsgesell-schaft fuer Gemeinwirtschaft (BGAG).

A step said to have been explored (and allegedly vetoed by the Federal Cartel Office in West Berlin) is the disposal of BGAG's controlling stake in the Volksfuersorge Lebensversiche rung insurance group, capi-talised et DM 150m and with total balance sheet of DM 62.7bn. Another might be a public stock market offering of a third of the DM 1bn capital of the unino-owned bank, Bank fuer Gemeinwirtschaft, whose balance sheet at the end

of 1984 stood at DM 48.1bn.

entirely convincing. For few dobut that if the Government

Czechoslovakia eases curbs on dissidents

a cultural accord has been against the Charter 77 dissi-finalised between East and West dent movement prior to holding

THE CZECHOSLOVAK authoriment appeared to want to The recent permission given relaxation by the anthorities
ties have relaxed measures demonstrate that it was in harto a prominent Czechoslovak included religious ectivists who
against the Charter 77 dissimony with the population in exile to visit his homeland was were reported arrested or put THE CZECHOSLOVAK authori- ment appeared to want to weeks leading up to the CONGTESS.

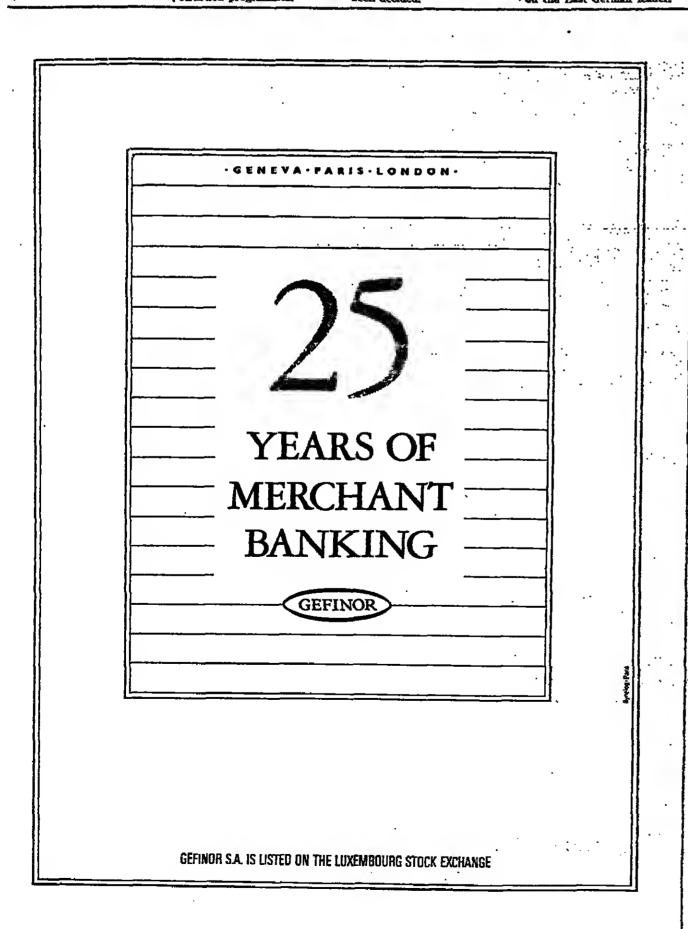
> The Government yesterday gave one of the country's leading poets, Mr Jaroslav Seifert, a state burial. Mr Seifert, who won the Nobel Prize for Literature in 1984, was a signatory to Charter 77.

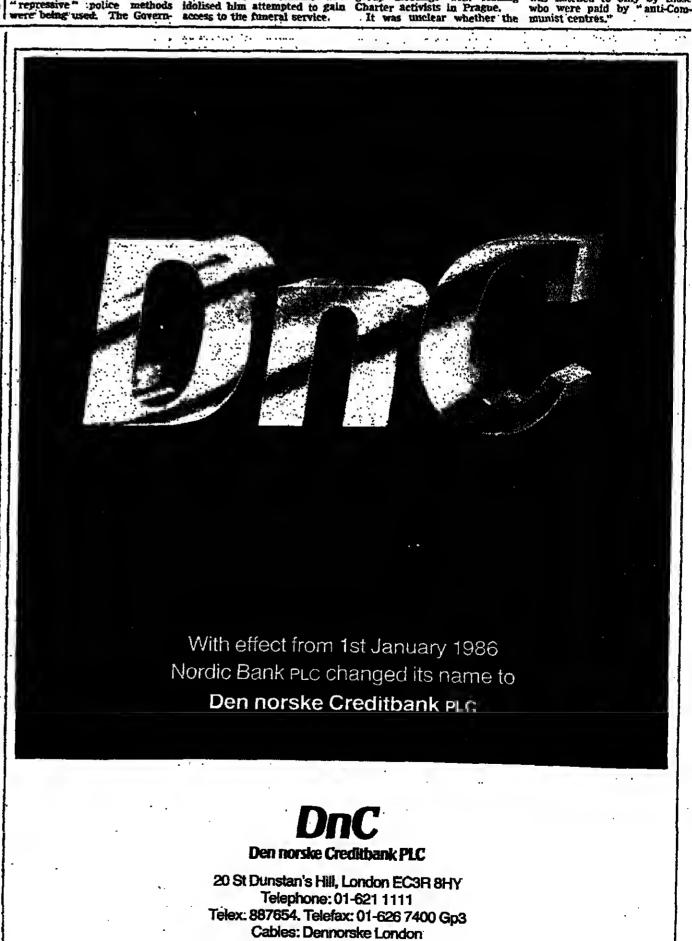
> Thousands of citizens who idolised him attempted to gain access to the funeral service.

also seen in Prague as a change in the Government's approach to dissidents. Mr Milan Horacek, a member of the West German Parliament for the Greens party, was stripped of his Czechoslovak eltizenship in

were reported arrested or put on trial late last year for ille-gally printing religious litora-ture and trying to smuggle Bibles into the Soviet Union. Mr Vasil Bilak, a leading member of the ruling polithuro. his Czechoslovak citizenship in made a rare mention of Charter 1980 ss a Charter supporter. 77 last month when he said the He was allowed to visit his "anti-state" group represented family in Moravia and to bold no-one in Czechoslovakia and

group meetings with leading was listened to only by those Charter activists in Prague. who were paid by "anti-Com-







Wage talks put off until after French election

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yes- administration because terday postponed negotiations on wage increases for public employees this year until after the general election in

At the same time it announced that public employees would receive in their February pay packets an extra FFr 560 or so to make good losses in purchasing power they suffered last year. The increase is in line with the 1985 wage settle-

By putting off negotiations covering France's 6m public employees and those retired from the public service, the Socialist government has detilherately passed on a difficult the right-wing government expected to take power after March. However, the Right itself adopted the same practice prior to the general elections of 1973 and 1978 and the presidential elections of 1983.

The task will he all the more tricky for the enext inflation rate.

The mechanism that the Government yesterday chose for allocating the addition favours the tower pald, who will have received an increase of 7.5 per cent between December 1985. Those on higher salaries will have been given an increase of 4.7 per cent in line with the realised inflation rate.

phasing of wage increases for public sector employees during 1985 means that there will he little to give away if this year'a inflation targets are to be met. In practice a right-wing

administration would only be able to afford an increase of 0.13 per cent in the total wages paid to public sector employ ees this year if it is to hold the increase in wage costs for 1986 to 3 per cent.

Unions were broadly pleased with the Governmeot's decision to make good last year's loss in purchasing power. In hoth 1983 and 1984 pay declined in the public sector in real terms The mechanism that the Gov-

Europe resists US call for sanctions against Libya

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT US EFFORTS to persuade its useful European stance (on

European allies to adopt econo-mic and other measures against "We must deprive organisa-Lihya in retaliation against Tripoli's alleged support for Paleatinian terrorist activities is meeting a mixed response.

Mr John Whitebead, the US Deputy Secretary of State, who is currently touring European capitals in an effort to drum up support for Washington's bard line on Libya, has so far failed to win any backing for economic sanctions against Libya.

West Germany yesterday joined Britain in relterating its refusal to adopt economic sanctions, but Mr Martin Bange-mann, the Economics Minister assured Mr Whitehead that Bonn was already reducing its trade links with Libya.

Mr Whitehead has found more support for joint action to comhat international terrorism. that their policies towards Lihya should be part of a joint European Community initiative, Mr Bettino Craxi, the Italian Prime Minister said in Sicily...

talks with Mr Felipe Gonzalez. None of the Greek delegates his Spanish counterpart, said to the talks which the US official Italy and Spain had very simihad in Athens recognises such lar views on the Issue. "We an involvement, a government bope that a clear, effective and spokesman said.

tiona using terrorist means of oxygen, space and support," the Italian Prime Minister added, referring to "organisations that bave proved how dangerous they are in several European countries, including our own." Meanwhile. Anstria yesterday announced visa requirements for Tunislans and diplomats from

certain countries in a move to increase security following the recent terrorist attacks at Vienna and Rome airports. Though the "certain countries" were not identified, they are understood to include Libya. Andriana Jerodizconou add

from Athens: A diplomatic rumpus has broken out be-tween Greece and the US over statements on the subject of Lihyan-backed terrorism made at the end of an official visit to Athens this week by Mr

Mr Whitebead provoked an indignant denial from the Greek Government on Monday after his statement that his Greek colleagues recognised the involvement of Colonel Muam-mar Gadaffi, the Libyanleader, Mr Craxi, speaking at a news mar Gadaffi, the Libyanleader, conference after two days of in many recent terrorist attacks. talks with Mr Felipe Gonzalez, None of the Greek delegates

Cockfield seeks to speed **EEC plans for food rules**

Commissioner for the Internal Market, yesterday called on the Community's agriculture ministers to act swiftly to approve new plans for har-monising food regulations. Four draft directives aimed

at cutting through years of argument over bighly divergent national food legislation are due to be published shortly.

The Commissioner believes these potentially controversial plans must win ministerial approval by the end of this year in order for his 1992 deadline for completion of a free

LORD COCKFIELD the EEC's president of the Farm Council, welcomed Lord Cockfield's out-line presentation yesterday and gave assurances that the farm ministers would treat the issue as a top priority.

The new directives establish a new, more liberal basis for Community food law which would legitimise products for sale throughout the Community if they have passed safety

cover additives, materials in contact with food, fooda for particular nutritional purposes and

Euro-poll finds scant community of opinion

By Quentin Peel in Brussels

OPINION Denmark is consistenty the most bostile in the EEC tn any measures towards strengthening Community institutions and moving towards European unification, accord-ing to the latest opinion

Yet a clear majority in the country recognises that Denmark has benefited from EEC membership — in sharp contrast to the British, who believe they have suffered

When it comes to deciding whether membership is good or bad, more than one in three (35 per cent) Danes say it is good. 27 per cent say bad, and 27 per cent cannot decide. The EEC average is 60 per cent in favour, and ony 12 per cent arainst.

The latest issue of Euro-barometer, the opinion poli commissioned by the Euro-pean Commission, underlines the divided and equivocal attitudes of EEC citizens towards the Comunity.

Worried

It shows just why Denmark is worried about the latest package of caotious reforms intended to reinforce Com-munity institutions, and streamline decision-making.

Even on such an apparently innocuous issue as making all EEC frontier signs the same, the Danies are opposed by 42 per enet to 27 per cent. Both British and Greek opinion is marginally in favour, while the rest of the Community is decidedly en-

Denmark is the only mem bernmark is the only member state where a majority still prefer the name Com-mon Market in that of Euro-pean Community. In the UK, 46 per cent opt for the Com-munity title, against 34 per cent for the Common Market -suggesting a switch away from seeing the EEC as no more than a glorified free

The npinion poll assesses the views of Spain and Portugal in the eve of their accession on January 1—showing that Spanish people are decidedly more enthusiastic about their prospects: 57 per cent believe membership to be a good thing, against only 42 per cent of

The opinion poll throws up nne surprising result on a key issue in the recent reform debate - wnether decisions should be taken by majority voting rather

Lukewarm

A majority in both Denmark and Greece is predictably in favour of unanimity. which would give individual states an effective power of

Next most lukewarm about majority voting is Italy (excluding Spain and Portugal where many don't know): 48 per cent favour majority voting, but 40 per cent want to keep unanimity. In Britain regarded as an opponent of reform, 52 per cent want a majority voting, against only 38 per cent holding out for the old

Apart from attitudes to European institutions, the pott shows that EEC citizens are gradually getting more nptimistic about economic prospects: for the first time in five years, the number thinking 1986 will be better outnumber those who fear it will he worse than 1985.

standards in any one member state. The framework directives will

Greens plan Budapest protest

Mr Gerrit Braks, the Dutch

ENVIRONMENTALISTS from Hungary, Austria ond West Germany are to stage a joint "ecological walk" through the centre of Budapest nn Fehruary 8, in protest at the planned construction of a large hydroelectric dam across the Hungarian stretch of the Danube.

It is the first time that independent "Green" movements from East and West have agreed to wage a united campaign in a Communist country. Mr Gunther Nenning. a teading Austrian Green, said yesterday that the dam would destroy the Danube river bank environment and threaten fish and deinhing Danube river bank environment and threaten fish and drinking

Last week end M Nenning and other leading Greens from the

Austrian border.

It is part of an amhitious project invulving the network of dams to be built jointly with Czechoslovakia. Austria, which has been forced to shelve its own plans fur a large dam at Hainhurg near the Czechoslovak border after strong domestic opposition, has agreed to provide the bulk of the estimated Sch8bn (£326m) cost. In return.

The name of the Damube Circle, have been allowed to campaign against the dam although they are not recognised legally. Environmentalists in neighbouring Czechoslovakia have not had the same freedom.

Next month's street march is aimed at making the Vienna and Budapest governments or all the peoples of the Danuhe," Mr Nenning said.

it will receive electricity and Austrian companies and workers will carry out about 70 per cent of the work, some of which has

of the work, some of which has already started.
Hungary is the only Communist country to tolerate an independent Green movement. The Hungarian Greens, under the name of the Danube Circle, have been allowed to campaign

LESSER BRAIN-TEASER No 1

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EUROPEAN NEWS

Italy, Canada may join Group of Five talks

are approaching a satisfactory

Italy has been particularly

upset over the impact on the

value of the lira of the previous

Group of Five session in New York in September, which deci-ded a co-ordinated fall in the

FRANCE has held out the possibility that Italy and Canada may be invited to future meetings of the so-called Group of Five finance ministers which has emerged as an informal steering group for decisions on nterest rates and the dollar.

Mr Pierre Beregovoy, French Finance Minister, reporting on last weekend's Group of Five session in London, said yester-day that France would be in favour of participation by both countries. He believed the US was also in favour.

Cautious German support for Baker plan WEST GERMAN banks have credit facilities. expressed cautious support for the US-spoosored Baker plan to ease the developing world's debt problems, calling it a "positive and constructive" initiative.

In a guarded statement yester-day the banks said they were ready to "consider positively" putting up funds to help back the scheme oo a case by case basis. But they also stressed that governments and international institutioos must play complementary roles too, for example through official debt rescheduling accords and export

The statement, addressed to the World Bank and the Inter-national Monetary Fund (IMF). was made on behalf of some 40 credit institutions responsible for most of the West German commercial bank lending to the

annual summits of the top seven

industrialised countries, com-plained in advance of last

weekeod's meetings about their

In Taormina, Sicily, vester-day Mr Bettino Craxi, the Italian Prime Minister, said

While the "hig three " hanks —Deutsche, Dresdner and Com-merzhank—have long heen broadly agreed oo the need to declare support for the scheme. It has been hard to forge a com-

Under the Baker plan, com-mercial banks would make \$20hn in new lending available to 15 particularly needy states

one key aim of the scheme, which is to encourage economic growth in the debtor states and thus—hopefulty—to help them

said yesterday that unlike Italy, Ottawa had not received a mes-sage from the US. The two countries role in the Group is

known to have been discussed

at last weekend's meeting but,

according to the official, "We haven't been told whether they

Canada has relied largely on

US and British officials for a

"de-briefing" on the London meeting Canada'a Finance Min-Mr Beregevoy said the

Group of Five'a composition was

came to any conclusion.

plan, rather that they se plan, rather that they see it as a startiog point for negotiation. For example, it is not clear bow the hurden of new tending will be shared. As the Baker scheme now stands, West German hanks would have to put up some \$1.5hn.

pared with 4.5 per cent last year and 13.25 per cent in 1984.

A Canadian Finance Ministry decided on the basis of aid yesterday that unlike Italy, countries whose currencles

pay their way. But the statement now issued does not imply that they are agreed on all details of the

Irish bank calls spending curbs inadequate

The Rome and Ottawa govern-ments, which take part in the subject and I believe that we

he had received a letter from dollar.

President Ronald Reagan about Canada was also irritated that

Italy's future participation in in September, decisions affect-

meetings of the group. ing its domestic economy and He told a news conference: interest rates were taken with-

"I have today received a letter out consultation.

and foreign borrowing are criti-cised as inadequate in the Central Bank of Irelaod's quarterly report published

Debt servicing on external borrowings grew from 1£250m (£215m) in 1981 to 1£780m last year. This, coupled with re-patriation of profits by foreigo companies approaching Ifilm, has kept the balance of pay-

The total external deficit has fallen from 1f1.6bn ln 1981 to an estimated 1f500m ln 1985. But this is atill high by ioternational standards, accounting for 3 per cent of GNP, it said.

Benefits from weakening oil prices and favourable exchange and interest rates might only be transitory, it added.

GOVERNMENT EFFORTS to ments in deficit despite strong policies have regard to the excurb public expenditure and export performance, the report ternal position and, consein manufacturing output, comquently, that fiscal policy pared with 4.5 per cent last year should be directed to the elimination in the shortest pos-sible time of the current budget deficit."

13 per cent of GNP.

Unemployment, the highest in the EEC, most likely to rise slightly over its 1985 average of 17.5 per cent. The 1985 hudget deficit was If1.3hn, or 8.5 per cent of GNP, the highest ever. Total borrow-ing requirement was If2bn, or · 1rish building societies yes

g requirement was 162bn, or terday raised their standard mortgage rate to 11.7 per cent from 9.75 per cent following a It is essential that domestic averaged 5.5 per cent in 1985, deposit rates.

Italian balance of payments in L8.518bn deficit

Right. But the Group was not a "directorate" for the inter-

national monetary system, he

faling inflation in the five

countries which participated in

last weekend's meeting-the US, Japan, West Germany, France and Britaln—prepared

the ground for cuts in interest rates, although the siming of

Mr Bérégovoy added that

ITALY had a L8,518bn (£3.6hn) balance of payments deficit last year. This compares with a

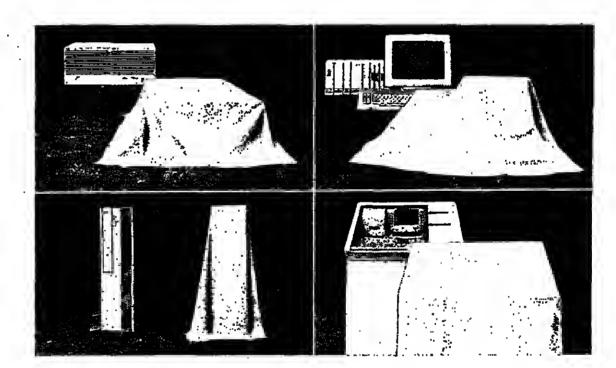
year. This compares with a L57bn surptus the year before. Bank of Italy figures show that total net reaerves fell by L4,572ho in December alone. That month the Italiao authorities spent heavily to defend the lira against speculation. It was that speculation which led to last week's package of measures including higher hood rates and the reimposition of tight con-trols on hank lending for six

Official reserves declined by L13,684hn over the year to L65,672hn. These included L39,530hn of gold and L16,402hn

of foreign currency The 1985 balance of payments deficit resulted partly from a record trade deficit, which for the first 11 months of last year totalled L21,091hn. Mr Bettino Craxi, the Prime Minister, said in an interview published yesterday that he hoped the trade deficit would be "halved" this year.

The defence of the lira clearly took its toll on the balance of payments, as did the net capital outflow from the banking system of L5,166bn.

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Roger Matthews, Middle East Editor, examines Moscow's long-term policy to extend its influence in the Arab world

South Yemen unsettles Soviet strategy

THE TEN days of fighting between rival Marxist factions in the People's Democratic Republic of Yemen is for the moment an embarrassment to the Soviet Union. But Moscow must also be reassured that whichever group eventually establishes control it will make little difference to the closepess of bilateral relations.

South Yemen is the only Arab state that is avowedly Marxist. Since independence from Britain in 1967 it has pursued domestic policies that were both radical and militant and, unlike in many other emergent nations, its civilian politicians have generally kept military commanders in a subservient role.

The strong ideological simi-Are strong ideological similarities between Moscow and Aden have underpinned the relationship to a degree that the Soviet Union has been unable to achieve anywhere else in the Arah world. But at the same time it has severely limited the generity of Aden limited the capacity of Aden to be used as a Soviet springboard into other Arah countries.

However, in the past few years under President Ali Nasser Mohammed, whose grip on power now appears ever more tenuous, South Yemen had been pursuing a more pragmatic encouraged its conservative Arab neighbours to believe that its desire for critically needed

The evacuation of expatriates from South Yemen continued yesterday as fighting died down in Aden amid clear indications that rebel forces were consolidating their control of the capital eight days after their coup attempt against President All Nasser Mohammed, writes Our Middle East Staff.

Diamond Princess, a British merchant vessel, rescued nearly 200 Europeans from a beach near the port of Mukalla in the east of the country about 300 miles east of Aden.

It changed its course while

It changed its course while en route for the Sodan, at the request of the British Ministry of Defence, accord-ing to the owners Polly Park International. The refugees are to be transferred to HMS

The royal yacht Britannia continued its rescue operation, picking up 15 people from Little Aden after being ferried to it by a harbour

The Ministry of Defence

Arab neighbours to believe that its desire for critically needed development funds was softening its ideological aggression.

Its tentative rapprochement with strongly pro-Western seen against the hackground of Sultan Qaboos in Oman opened the door for the Soviet Union to establish diplomatic relations with Oman last antumn. The United Arah Emirates is plan-

three dozen Britons, waiting to be rescued. "Negotiations are under

"Negotiations are under way to secure their evacuation," a department official in
London said yesterday.

"It is not clear who is in
charge and although Aden
itself is relatively quiet, it is
still not safe," he added.
Soviet, and French, as well
as British shins, were waitas British ships, were waiting in interational waters off Aden for authorisation to

evacuate more foreigners.
About 3,000 foreigners about two-thirds of them Soviet citizens have so far been

Following his return from Ethiopia at the weekend Ali Nasser Mohammed is in Abyan, his home province about 100 miles east of Adea, according to diplomats in Sansa, the North Yemen Egypt's official Middle East

Reynra omeiai middle Esst News Agency reported that he had spoken on the tele-phone with President Chadli Benjedid of Algeria, Presi-dent Hafez al Assad of Syria and Colonel Musumer Gaddafi, the Libyan leader. rejected President assessment of the Soviet Union as the main threat to regional stability and, with

have invariably been made in domestically. nave invariably been made in support of Arab nationalist ambitions, particularly with regard to the Palestinians, rather than from any other benefits which the Arab countries believe they derive

from the relationship.

Former Egyptian President
Anwar Sadat ejected Soviet personnel from his country in 1972. once he felt confident that his armed forces were well enough armed to launch the October war against Israel the following

There are other obstacles which the Soviet Union has to overcome. As Iran bas shown in the past six years, the rise of Islamic fundamentalism is every bit as threatening to an atheist, Marxist philosophy as it is to the West. The Soviet occupation of Afghanistan is always prominently on the agenda of the 45-nation Islamic Conference Organisation, and even purported friends such as Syria continue to supply arms to Eritreans fighting to secede through the US congress—the Soviet military capacity in the Middle secondary to that of the US.

The naval facilities it enjoys in the desirable of the US.

The naval facilities it enjoys in the desirable over the desirable of the US.

It is a view not restricted to Iraq, for instance view with the Gulf countries. Soviet diplo-instinctive suspicion any matic gains in the Middle East Soviet attempt to interfere

The Soviet Union seems equally powerless to resolve the differences within the Palestine Liberation Organisation (PLO) and in particular the feud between its chairman, Mr Yassir Arafat and President Hafez al-Assad of Syria. Just as Moscow was uncertain of which faction to back in the Aden fighting so it is unable to make up its mind where it stands on PLO divisions.

war against Israel the following year.

Moscow would be right to fear that its present close links with Syria would he similarly vulnerable once Damascus bad at least partially achieved its regional objectives. Neither can there be much Soviet satisfaction in its relationship with the mercurial Col Gadafin of Libya, apart from the hard currency benefits of substantial arms sales.

There are other obstacles which the Soviet Union has to overcome. As Iran bas shown



Refugees arrive in Djihoutl aboard a Soviet ship after their

Lesotho delegation

in S. Africa talks

BY ANTHONY ROBINSON IN MASERU

DELEGATION of the

Lesotho military council which

siezed power in a bloodless coup on Sunday night, flew to Cape Town yesterday for talks

with Mr Pik Botha, the South African Foreign Minister aimed

African Foreign Minister aimed at restoring normal relations between the two countries.

The delegation was led by Major General S. J. Molapo, commaoding officer of the security forces and head of intelligence and Major General Shadrack Metela, the commissioner of police.

sioner of police. It included Mr E. R. Sekho-

nyana, planning minister in the

deposed government of Chlef Leabua Jonathan and the former Foreign Minister who is noted for his pragmatic line towards South Africa, Gen Justin Lekhanya, the

leader of the military council, stayed in the capital Maseru which was calm yesterday after

tions which greeted the coup on Monday. However, armed soldiers singly and in pairs

continued to patrol the capital, Former government mini-sters remained at their homes.

Many of them are expected to resume their functions under the military council but at least

four ministers most closely associated with Chief Jona-than's more radical policies are expected to lose their jobs.

They are Mr Vincent Mak-hele, the former Foreign Minister, Mr Francis Matholoane, the former Minister of Rural Development, Mr D. P.

Makoze, the former Minister of Agricultore and Mr Desmond

Sixisbe, the former Minister of

All were closely associated with the North Korean armed and trained youth league of the Basnto National Party which

was disbanded after units of the 1,500-strong paramilitary force

led by Gen Lekhanya sur-rounded Government offices

Despite the expected purge of radical elements in the former government. Gen Lekhanya indicated that the

military council did not plan a

witch hunt of former govern-ment supporters.

Information.

last Wednesday.

mately control access to the Arab relations with Washington Suez Canal. Bnt, when it and that the monarchies of the Suez Canal. But, when it comes to the overall capacity Gulf are anachronisms wince of the US, its Arab allies and will be unable to withstand the Israel, to intervene militarily pressures of modernisation. For the region, there is little Moscow, the fighting in Aden is probaly little more than a biscough, and one, through its countries where they do bave influence have also rarely in Aden are important to proved successful. The ruling Moscow in that they lie at the Ba'ath parties in Syria and mouth of the Red Sea and ulti-

Car bomb in Christian **Beirut** kills 27

By Nora Boustany in Belrut

car bomb in Beirut devas tated a busy Christian shopping street yesterday killing 27 as Damascus tightened political and military pressure against the Lebanese President Mr

the Lebanese President Mr
Amin Gemayel.

A parked car blew up at a
corner some 30 yards from a
Phalange Party office, tearing
down facades of nearby buildings and trapping motorists in
blazing cars.

Dazed residents looked for
relatives among smouldering
cars and Red Cross workers
beaped victims on atretchers in
an all-too familiar scene.

The 250-kilogram blast
gouged a 3.5-metre-deep crater
in the ground. The apparent
target was a hearby branch
office of the Phalange Party.

The carnage, caused by office of the Phaiange Party.
The carnage, caused by
Belrut's first car bomb this
year, followed bloody interChristian fueding which led to
the ousting of a Christian
militia commander and torpedoed a Syrian-brokered peace
accord among warring Lebanese

Moslem leaders returning from the Syrian capital stressed that the boycott of Mr Gemayel was a foregone conclusion Former finance minister Mr Elias Saba, a Christian Greek Orthodox, also back from Damascus, pointed out that "there could no longer be a solution with Amin Gemayel at the helm."

Marcos backs down from Ver retirement plan By Samuel Senoren in Manila

PHILIPPINE President Ferdinand Marcos yesterday appeared to back off from an earlier statement that he planned to retire armed forces chief General Fabian Ver who turned 66 on Monday.

In a campaign sortie in southern Luzon last week. Mr Marcos had said he "will prob-ably" retire General Ver before the February 7 poll. Yesterday, he told business leaders in the financial district of Makati: "You don't retire a Chief of Staff whose leave of absence has caused difficulties

in the armed forces."

General Ver went on leave in late 1984 after be was indicted with 24 soldiers and civilians for complicity in the murder of opposition leader Mr Benigno Aquino in 1983. He was acquitted last month

Another sign of returning normality was a reduction in the former 12-hour curfew to a shorter period between 8 pm

The South African authorities also allowed another freight train across the Caladon River border hridge into Maseru yes-terday and e stream of trucks laden with foodstuffs left the railway depot throughout the railway depot throughout the day after the three-week economic hlockade by South African police. Road traffic, however, was still subject to lengthy security checks.

Radio South Africa yester-

trialists yesterday called for the abolition of apartheld and urged that political rights and freedoms be extended to all races, AP reports from Johannesburg. The Federated Chamber of

White South African indus-

Industries, one of the country's biggest employer groups, try's biggest employer groups, said the black majority should have the vote and share in power "up to the highest level," but that "the rights of minorities" should be projected. The industrial group, issuing proposals that it said made up a charter for reform, said negotiations on the country's constitutional country. try's constitutional future should be started.

It said steps necessary to bring about negotiations could include the release of political prisoners.

In a brief announcement on Radio Lesotbo yesterday, be pledged to continue along a path of national conciliation and "bumbly implored" civil servants to remain at their posts and work diligently for the good of the people.

day welcomed the overthrow of Chief Leabua Jonathan and accused him of sowing dissen-sion in southern Africa. The radio commentary, which re-flects government views, said his support for the outlawed lift be far fighting white dominance in South Africa, had proved his downfall, Reuter reports from Johannesburg.

and was immediately reinstated by Mr Marcos despite opposiion from Washington.

Mr Marcos admit'd there was "factionalism" in the armed forces without mentioning the leaders. It is widely believed that one faction is loyal to General Ver and the other to Lieut General Fidel Ramos, the deputy chief, How-ever, both had previously ever, both had previously denied the existence of a rift

in the military.
In bis address, Mr Marcos, who is being challenged by Mr Aquino's widow Mrs Corazon
Aquino's widow Mrs Corazon
Aquino, exuded confidence of
winning the February 7 poll.
Outlining his economic programme before the same
business group which wildly
cbeered Mrs Aquino two weeks
earlier. Mr Marcos told them
he would forgo new taxes this he would forgo new taxes this year if re-elected.

He also said he would pro-bibit the growth of monopolies whose abolition was demanded by the International Monetary Fund in return for continued

He said be would parsue the economic stshilization program worked out with the IMF in late

1984. Much of the Mr Marcos' optimism, bowever, will depend on the conduct of the poll next

be fair and clean, regardless of who wins, a turnaround in the economy can be expected this

Bank merger off, Page 23



When American Airlines approached the Euronote market, they realized any investment bank could structure an issue. But very few could place it quickly and efficiently. They needed a bank with proven syndication skills to represent both borrowers and investors. With exacting requirements for price, terms and timing, American Airlines launched an extensive review of the worldwide investment banking community. And they chose Bank of America.

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Capital Markets Group

Inflation soars to 65-year high

South African inflation has soured to its highest level for 65 years and economists yester-day voiced fears about the impact of prices rises on the be-leaguered economy, Renter

The steep rise in the rate of inflation announced yesterday—to an annualised 18.45 per cent in December from just -took many economists by sur

Mr Rob Lee, chief economist for a South African insurance group, called the rise "pretty disturbing." The December figure was the bighest since 1920, when the country was caught in a worldwide inflationary spiral after World War I, he said.

The country's currency, the rand, has been forced down from 85 US cents in March 1984 to just over 35 cents last August, pushing up the price of imported goods.

A partial freeze was imposed on debt capital repayments in September, and the rand has since recovered to above 43 ceots. But economists expect inflation to remain bigh.



Reagan to resist further cuts in defence spending

debate over the federal budget deficit to see whether the US is prepared to maintain an adequate level of defence

Car bon

The President clearly signalled that be is determined to fight for his political agenda and to resist further cuts in defence spending or tax increases.

Mr Larry Speakes, White House spokesman, said the speakers are recognized.

Mr Larry Speakes, White House spokesman, said the President hed told Republican officials that ha would next month propose a budget which would hit the \$144bn target without raising taxes, compromising national defence or hurting the needy.

pared to compromise in order to ensure thet after four years of stalemate a meaningful deficit-cutting compromise is worked ont, and if so, how and when progress will begin to he made.

There is widespread agreement on Capitol Hill voiced again by Senator Peter

Congress reconvened yesterday for what promises to be a turbulent session, that will belp to determine not only the out-come of the mid-term elections in November, but also the climate in which the 1988 presi-dential election campaign will

hudget reform law which calls for a hudget deficit of no more than \$144bn in 1987 compared with projections of over \$200bn for 1986, has helped to ensure that the battle over spending will dominate the

Ronald Reagan achieve the \$144bn target then yesterday warned top the new lew calls for eutomatic the Soviet Union would be watching the forthcoming defence and non-defence pro-

ome of the mid-term elections in November, but also the limate in which the 1988 presidential election campaign will who will oversee the progress in the Senate of the tax reform package the President wants, argues however that any a the negotiations over the Gramm-Rndman-Hollings the Gramm-Rndman-Hollings to the Gramm-Rndman-Hollings to the Gramm-Rndman-Hollings to the committee reports out the sudgest reform law which calls.

On foreign policy issues the White House is expected to again press for Congress approve a military aid package for rebels seeking to ovarthrow the Sandinista government of Nicaragua and to try to overpolitical agenda this year. come opposition to arms sales

If Congress is unable to to Jordan and Sandi Arabia.

canking system this year.

Implicit in their concern is possibility of a moratorium loan repayments to the king system. Many industrial leaders say privately such action is needed, but so fer they have declined to say

Monterrey industrialists are

Small to medium-sized industries in Monterrey indicated they will not be able to main-tain repayments on existing loans without new credit lines.

banks was introduced last July for three months, and extended, following the devastating earthquakes of September 19-20. It nearly doubled the pre-vious reserves requirement, and is now unlikely to be removed

The Government's aim is to push down inflation—currently running at nearly 65 per cent, fractionally up on e year ago—industry, hut largely almed at fractionally up on e year ago-hy limiting the availability of

grammes exempted. On Capitol Hill, Mr Reagan's budget proposal is dismissed as being politically unrealistic and

ment on Capitol Hill voiced again by Senator Pete Domenici, the Republican chairman of the Senate Budget Committee that some form of tax increase will he neded as part of a deficit-cutting compromises. Mr Bob Packwood,

the feet of tha Federal Government in a meeting sha is dua to have with President Jose Sarney tomorrow. She is calling on the government to absorh Cruzeiros 500bn (\$44m) in debts accumulated under previous civic admini-strations and federal monies to pay past due wages and year-and bonuses for the striking workers.

Meanwhile, caught in mid-summer with thousands of tourists toasting on nearby beaches, Forteleza is also fill-ing np with one week's

back striking municipal workers who yesterday shut down services in this northeastern

city. Her aim ia to lay the hlame

for the chaos in municipal finances she inherited firmly at

Brazil's reforming mayor throws down a challenge by political pundits for a successful candidacy. Twice divorced at the age of 43 with little political party support, "Maria Luiza," was elected in populous city, is overturning all political conventions end challenging the continued conservatism of government since the end of military rule last tha impoverished state of Ceara in north-eastern Brazil, long coted as a bastion of male domi-She took office oo January 1 but has wasted little time in making ber mark. Her most connance in agriculture, government and business. troversial ection has been to

ment and publication.

Called e female Pedre Cicero after a defrocked priest in the early 1900s who mystically united peasants in the drought stricken interior of Ceara into a political base, Maria Luiza rejects the comparison. She maintains her appeal is real, not based on promising miracles. In tackling the city's problems together with the residents. Folk bero she may not yet be, but Maria Luiza sensed the population's demands for change.

With only a 10,000-vote margin out of 550,000 total votes cast, the seven-year veteran cast, state state assemblywoman has carved her constituency out from among the poor, students and women.

Their support, not revealed ing np with one week's their support, not revealed incollected garbage as the mayor trades claims of surprising even Maria Luiza corruption and payrolls bloated with ghost workers with other officials who threaten jodicial action if she fails to return order to the city.

Her upset victory in last Their support, not revealed in politicals and surprising even Maria Luiza herself, is a fact no longer lost on local politicians long accustomed to handpicking candidates for office and distributing patronage. The practice,



Ann Charters reports on a woman's audacious attempt to bring order to the debt-ridden city of Fortaleza

(power hrokering), is historic ticket, Maria Luiza broke with in north-eastern Brazii.

Those who owned the large tracts of land or hullt as candidate of the Worker's commercial fortunes became the political bosses, or coronais (colonels).

In Ceara, Maria Luiza has to contend with a powerful triumvirate, one a former Minister of Mines and Energy under the recently deported. In Ceara, Maria Luiza has to contend with a powerful triumvirate, one a former Minister of Mines and Energy under the recently deported military government, and now the vice-governor of the state.

Another is the governor, intent
on forming his own political
hase with the ruling Brazilian
Democratic Movement Party

Coroneis and the need to make government accountable to the

people.

Her campaign focused on what she saw as the miniscule differences between the old differences between the old regime and Brazil's new civilian

Republic?" With practically no support from PT national leaders during the campaign, sbe garnered 32.5 per cent of the votes compared with the party's showing of 0.1 per cent in the 1982 state elections.

During the campaign, she identified closely with the common folk. Dressed in jeans and e simple pretty blouse, she treeted hangers on spilling into her office and the innumerable phone calls with measured at-tention end warmth, punctu-ating her perticent questions with a throaty "querida" (dear), as a form of eddress. With eoergy contagious even in For-taleza's 37°C heat, the former sociology professor with an MA in development sociology from

Vanderhilt University in the US carefully rations her time Governing Forteleza, a city ridden with debt and sinking into the red as 90 per cent of

monthly revenues just cover salaries for 35,000 city employees, will be no mean feat. In her case, it presents even more of a challenge because she bas raised expectations thet her three-year admioistration will be different.

The city's deht (an accumulated \$20m in 1985) become seriously bloated in the last two years as people fied to the city after five years of drought in the interior and then last year's

eppointees as a legacy from the outgoing mayor, a son of one of the coroneis.

In a mixture of eggression and naivete, the mayor-elect states that the 33-member city council with not one PT repre-sentative will not be an obstacle to her reforms, since as ahe put it, "I have the people's

interests at heart." With the intent of putting her sociology into practice and ethics into public service, Maria Luiza plans to decentralise the city's services to the neighbourhoods where lead neighbourhoods where local

councils define priorities. Some 14,000 civil servants are expected to start leaving their jobs this year. Reassess-ing property values for tax purposes could generate another Cr 1 trillion (million million) (\$100m) as a real boost to this years projected revenues of Cr 1.6 trillion.

With 20 per cent of the city's 1.5m inhabitants unemployed, the new mayor plans to create opportunities in ceramics, artesan objects and tourism. She to an economy heavily depen-dent on exports of fish, lobster and coshew nuts and fledgling spinning and steel Industries.

Marie Luiza is regarded as a tenacious fighter but many wonder if ahe can put together an odministration that delivers

Mexican companies fight loans policy

BY DAVID GARDNER IN MEXICO CITY

the assuring itself of funding. Fall-INDUSTRIALISTS private-sector stronghold of ing prices for oil, which pro-Monterrey in north-eastern vides 45 per cent of tax reveMexico are strongly opposing Government plans to severely limit the availability of credit provided by the nationalised Tevenue.

But Government funding Tevenue Tev

needs have also caused interest rates to rise to record highs; the market rate of three months treasury bills stands at an historic high of just over 75 per cent, while many business men have ectually to pay rates

the first to try to prise oper this pincer of scarce credit and high rates, but Mr Carlos Mireles, chairman of Canac-intra, the Mexican equivalent of the Confederation of British At present, the public sector industry, warned yesterday that without liberatlisation of all funds in the banking system, which was expropriated in September 1982. This obligatory meserve requirement on that without liberatlisation of the credit market, there could be no structural change in Mexico's economy and, therefore no way out of the crisis. Both he and the leader of

the Monterrey industrialists, Mr Jorge Arrambide, had strongly denied suggestions of a debtors' strike against the nationalised banks, but point out that extreme liquidity diffiuntil the second half of this culties are leading to non-pay-year. ment.

hy limiting the availability of areas and sectors it wishes to money, and at the same time develop.

US steelmaker to lay off 25% of Cleveland workforce

THE SECOND biggest steel maker in tha US, LTV is to lay off a quarter of its workforce at its large steel plant in Cleveland. Ohio, in a move designed to help the company survive the slump in the US steel industry had suddenly deteriorated markedly.

The cutbacks at LTV's Clevesteel industry.

The indefinite tay-offs of 775 employees result from tha group's decision to idle a hlast furnace and a steel making operation at its 1.187 acre Cleveland mill on the banks of the Cuyahoga river. The action was shuffering hadly from unreduces the total workforce to fair competition, had been runreduces the total workforce to 2,300 and increases to 2,000 the number of workers on indefinite

land plant reflected this decision and were not taken because the outlook for the

The cutbacks at LTV's Cleve-land operation are the latest in a series of moves by the emhattled steelmaker. Last year it idled its giant Aliquippe steel works near Pitsburgh and laid off 1,300 workers. At the time it said the plant

ning at only 20 per cent capeayoff.

In 1984 LTV acquired Rewritedown accounted for over public Steel in a bid to ration-alise its steel making operations the first nine months of 1985.

Transatlantic co-operation urged to replace Concorde

BY TERRY DODSWORTH IN NEW YORK

Speaking in New York at celebrations to mark the tenth anniversary of commercial supersonic flights between Europe and the US, Mr Auroux cand be neded around the year 2,000.

Mr Auroux's comments come could fly at five or six times the speed of sound. Rather than an aicraft which makes such a hnge jump from Concorde's present speed of around Mach 2, the French company has argued for e second-generation version that could carry eround 200 passengers

MR JEAN AUROUX, the French Transport Minister, called yesterday for transatlentic co-operation on e new supersonic airliner to replace the Anglo-French Concorde when it reaches the end of its service life.

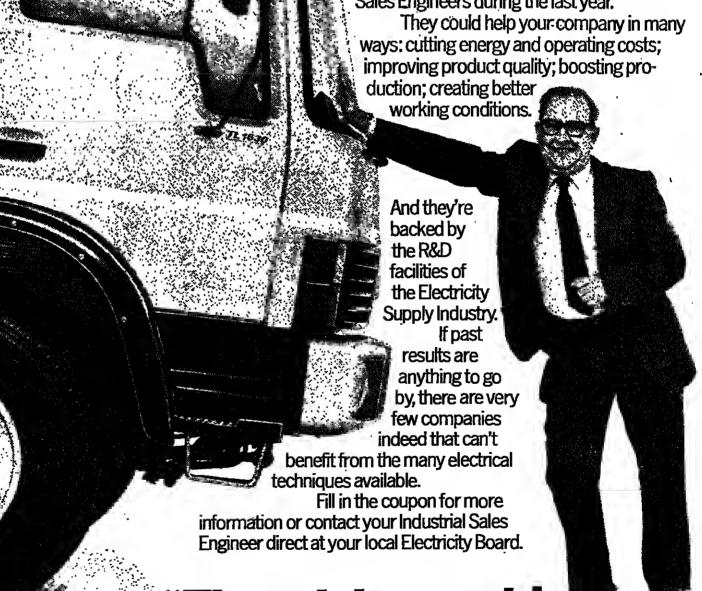
Speaking in New York at celebrations to mark the tenth et a time of renewed interst in supersonic commercial transport in the US,

This so-called "Orient Express" concept is being supported by studies into the service life.

Before Bedford Commercial Vehicles called in Eastern Electricity Board to advise them, their heating costs for curing were in the fast lane. The fuel-fired oven used in the sound-deadening treatment of

truck cabs at their Dunstable plant was costly to run and maintain. Norman Smith, Industrial Sales Engineer at Eastern Electricity, carried out costings that convinced Bedford that converting to electric infra-red heating would cut costs drastically and give fast response to production line demands. His calculations were right A 70% reduction in energy costs paid back Bedford's investment inside ten months.

This was just one of several thousand projects tackled by Electricity Board Industrial Sales Engineers during the last year.



"Electricity could put the brakes on your production costs-so what's stopping you?"

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BY JUREK MARTIN IN TOKYO

yesterday with Mr Yasuhiro Nakasone, the Japanese Prime Minister, and other officials. Mr Jacques Delors, the EEC President, was reported by Japanese sources to have asked for a watchdog committee to be set up.

Mr Delors's spokesman also hinted last night that the Com-mision would not object if Japan were to propose negotiations along the lines of the so-called MOSS (market-oriented, sector-selective) talks recently concluded in four product areas with the US.

The spokesman emphasised that Mr Delors had not placed this proposition before Mr Nakasone, or any other Japanese official over the previous 24 hours, but he implied that in public speeches today and tomorrow he might address the

THE European Commission has invited Tokyo to devise methods to ensure that more foreignmanufactured products are sold in Japan.

In lengthy talks in Tokyo is that Japan should commit itself over the next three years to increase the ratio of manufactured imports to gross domestic product from the 2.9 per cent level of 1984 to 4 per cent by the end of 1988. By comparison, the US ratio is about 10 per cent

and EEC's 6.2 per cent, Alternatively, Japan might set absolute figures, which would be equivalent to a rise in manufactured imports from the \$32.5bn (£22.7bn) of 1984 to \$55bn by 1988.

Mr Nakasone told Mr Delors that Japanese policy was directed to promoting imports, the yen, and generally spurring economic growth. But he was said to bave made no reference to specific figures.

Mr Delors's visit is clearly an important element in the development of EEC commercial The EEC still believed that Japan ought to set specific import targets, as requested by three visiting Commissioners here last November. This approach was rejected then, and again this week, which has meke their decisions.

Miti may impose export controls on machine tools

BY CARLA RAPOPORT IN TOKYO

(Miti) is considering imposing was willing to comment yester-export controls on the country's day, manufacturers have pre-machine tool industry if its viously insisted that they have machine tool industry if its viously insisted that they have sales to Europe and the US this been merely satisfying the year continue to grow at high demand for their products in

Miti has asked the Japan Machine Tool Association for from Jepan grew rapidly last figures on sales to Europe and year. In the first 11 months the US, by both quantity and vaine, on a monthly and

JAPAN'S Ministry for Inter-dustry. Although no company national Trade and Industry nor the industry association

the US end Europe.
Exports of machine tools sales to Europe rose nearly 30 per cent to Y360hn (£1.24hn). It stressed yesterday that a final decision would not be made until all the data had been reviewed.

The cent to Y360bn (£1.24bn).

Sales to Europe were up by nearly 60 per cent by value to more than Y80bn.

Miti's moves man the control of the cent of Y360bn (£1.24bn).

Sales to Europe were up by nearly 60 per cent by value to more than Y80bn.

Miti's moves man the cent of Y360bn (£1.24bn).

The prospect of export con-trols has been greeted with tarily to heed off export dismay by the machine tool in-controls.

Thatcher tells Japan to cut surplus

By Alain Cass JAPAN IS still not doing enough to open up its mar-kets to the rest of the world and reduce its trade surplus, Mrs Margaret Thatcher, the British Prime Minister, told Mr Shintaro Abe, Japan's

Foreign Minister, yesterday. Mrs Thatcher also expressed her concern that the inter-national trade deficit was becoming very big and would have to be tackled "head on" at the next world economic summit in May in Tokyo.

Mr Abe, who also held talks with Mr Leon Brittan, Trade and Industry Secretary and Sir Geoffrey Howe, Foreign Secretary, defended Japan's position by saying that the extensive tariff cuts appared last year, were announced last year were being steadily implemented.

Mr Abe also said that the steady appreciation of the yen against other currencies would help reduce the Japanese trade surplus which stood at a record \$46.14bm (£32bm) last year.

Mrs Thatcher said that this was not enough. In line with increased concern in Europe and the US over rapidly increasing Japanese trace surpluses, Mrs Thatcher told Mr Abe that "more fundamental" measures would have to be taken to restore a believe truth. balance such as the purchase of major, single items including aircraft.

Christian Tyler adds: Europe's demand that Japan set firm targets for its imports from the EEC was 2 demand for reassurance that Japan's market - opening measures were genuine, Mr Leon Brittsn, Trade and Industry Secretary, said yesterday.

He set out the EEC's posi-tion in an bour-long meeting with Mr Abe. The European Parliament last week carried a motion criticising the Japanese measures as cosmetic and deploring Japan's refusal to put numbers to the "buy-foreign" campaign launched last year by Japan's Prime Minister, Mr Yasuhiro

Mr Brittan's talks yesterday were not, however, designed to pick over Anglo-Japanese trade issues, according to ministry officials.

A reduction in traffic is threatening the canal system's future, reports Bernard Simon

Shadow hangs over St Lawrence Seaway

have cast a long shadow over the future of Canada's St Lawrence Seaway, the canal and lock system which joins the great lakes to the estuary of the t Lawrence River and the north

Traffic through the seaway, which is part of the world's busiest inland waterway. busiest inland waterway, dropped last year to the lowest levels since the mid-1960s. As ice packs ushered in the annual winter closure in late December, seaway officials estimated that volumes fell by 22 per cent in the 1985 season, the sharpest drop in a downward trend which

began in the late 1970s.

Traffic through the 27-mile Welland Canal, which by-passes the Nlagara Falls between Lakes Erie and Ontario, slimped to 42m fonnes last year, the lowest since 1963.
Losses suffered by the St Lawrence Seaway Authority, a Canadian Government agency responsible for the Welland Canal and 13 of the seaway's 16 locks, are expected to reach C\$22m (£11m) in the year to March 1986, bringing necumulated deficits to more than C\$20m.

Without the seaway's locks, made in the early 1980s, ships would be unable to pass Iron ore mines in ships would be unable to pass Iron ore mines in Quebec between the Great Lakes and and Labrador, which provide the St Lawrence, which are the bulk of the seaway's westseparated by a series of rapids bound traffic, heve lost market

end waterfalls with a total drop share to more competitive pro-of about 600 ft. share to more competitive pro-ducers in other parts of the of about 600 ft. The seaway, openedin 1959 hy Queen Elizabeth and President

STLAWRENCE S

SEAWAY

below Lake Ontario. The downturn in traffic is most pronounced in grain and iron ore which, between them.

world. A growing proportion of imports, especially from Brazil, is shipped to steel mills through US east coast ports. Dwight Eisenhower, replaced a is shipped to steel mills through series of small locks and US east coast ports.

The Great Lakes and the St Lawrence have lost grain busi-

ness to Canadian wast coast ports and to Mississippi barges. The proportion of Canada's wheat exports moving along the than C\$20m.

A 6 per cent rise in tolls cargo passing through the season to July 31 which takes effect when the season amoual revenues by only C\$3mC\$4m.

If on ore which, between them, wheat exports moving along the make np ebout three-quarters of St Lawrence fell from 53 per cent. in the season to July 31 way re-opens in April will raise grain exports are now carried through the lakes, compared of sales to the Far East, a with forecasts of 50 per cent.

cased a question mark over a CS2bn project, now on the drawing boards, to increase the capacity of the WeHand Canal. Preliminary plans are due to be submitted to the Canadian Government by the middle of

There is widespread agreement that at defining the prob-lems of the Great Lakes and St Lawrence Waterway is much easier than finding solutions.

Association, a group of 40 shippers and ship operators. The Seaway Authority, based in Ottawa, has given little attention lately to long-term issues. It has had its hands full with an unusual series of accidents.

brought a spate of bad publicity.

rippled through to the economies of many Great Lakes another bridge, and a pressure communities. In the depths of last year's slump, half of the 140 lakers—each employing 25 crew members—were idle.

Montreal, a ship's collision with another bridge, and a pressure the Welland Canal for three weeks last November.

Nonetheless, a start has been

About 1,000 workers temporarily lost their johs at grain elevators in Thunder Bay, the grain port on the wastern edge of Lake Snpeiror.

The seaway authority's fin-

The seaway authority's fin-ancial problems have also raised a question mark over a a group to promote the seaway. The role of ship's pilet is coming under scrutiny. Pilotage charges can run to several thousand dollars for the Thunder Bay-Atlantic journey.
Many users contend that
modern navigation aids have
made pilots superfinous.

Mr William O'Neill, president of the Scawny authority, says:
"We do need pilots. Whether
they need to he employed exactly as they are now is the

"The solution is to get more business, but how we do that I don't know," says Mr Donald Rothwell, president of the Great Lakes Waterways Development Association. a group of 40

free would be costly. The shipping season has been extended by ebout a month since the seaway opened in 1959, and the seaway authority has in some years managed to

an unusual series of accidents, keep the system open until which have delayed traffic and early January to clear backlogs. But says Mr O'Nelli: Onr says: "We're trying to make use of the west coast to the fullest extent possible because it's cheaper for us."

The drop in traffic has specified to the punctify. But says mr O'Nelli: Onr experience is that from ind-almost 1,000 notices of legal December on, it becomes difficulties cheaper for us."

The drop in traffic has on a lift bridge upstream of again."

Canadian banks offered share of export financing

BY BERNARD SIMON IN TORONTO

state-owned Export Develop-ment Corporation (EDC).

of five years. About 5 per cent details to be clarified are the of the EDC's direct financing funding of interest rate subsihusiness, totalling CSIDn dies to enable banks to com-(£497m) a year, falls within pete with the EDC.

sidised financing through them, objections to its operations by leaving the EDC to concentrate strengthening its regional on its credit insurance and offices and designing several

THE Canadian Government has Canada channels all official offered the country's commer-cial hanks a small part of the official export financing husi-ness now monopolised by the of Commerce said that "none of the banks are entirely happy" with the proposal. None the less, the anthorities The proposal would allow the None the less, the anthorities banks to handle financing of have left the door open for capital goods with a maximum further discussions. Among

The banks' proposals were Banks asked the Government strongly opposed by the EDC, ast year to channel all its sub- which has moved to meet their

British Telecom in Indian tie-up

BY JOHN ELLIOTT IN BOMBAY

BRITISH TELECOM has linked It is intended to lead to tech- how far to let the Indian priup with Mahindra and Mahindra, e major Bombay-based automotive and engineering group, to bid for contracts in Indie in volving the development and operation of telecommunications naturally. munications networks.

A memorandum of understanding was signed in Bombay yesterday by Mr John King, managing director of British Telecom's new overesas divi-sion, and Mr Keshub Mahindra. chairman of the Mahindra group which has an annual turnover of about Rs 7bn (£410m).

rapidly expanding telecom-munications systems which the government wants to be sub-stantially funded by the private sector through equity stakes and stock bones.

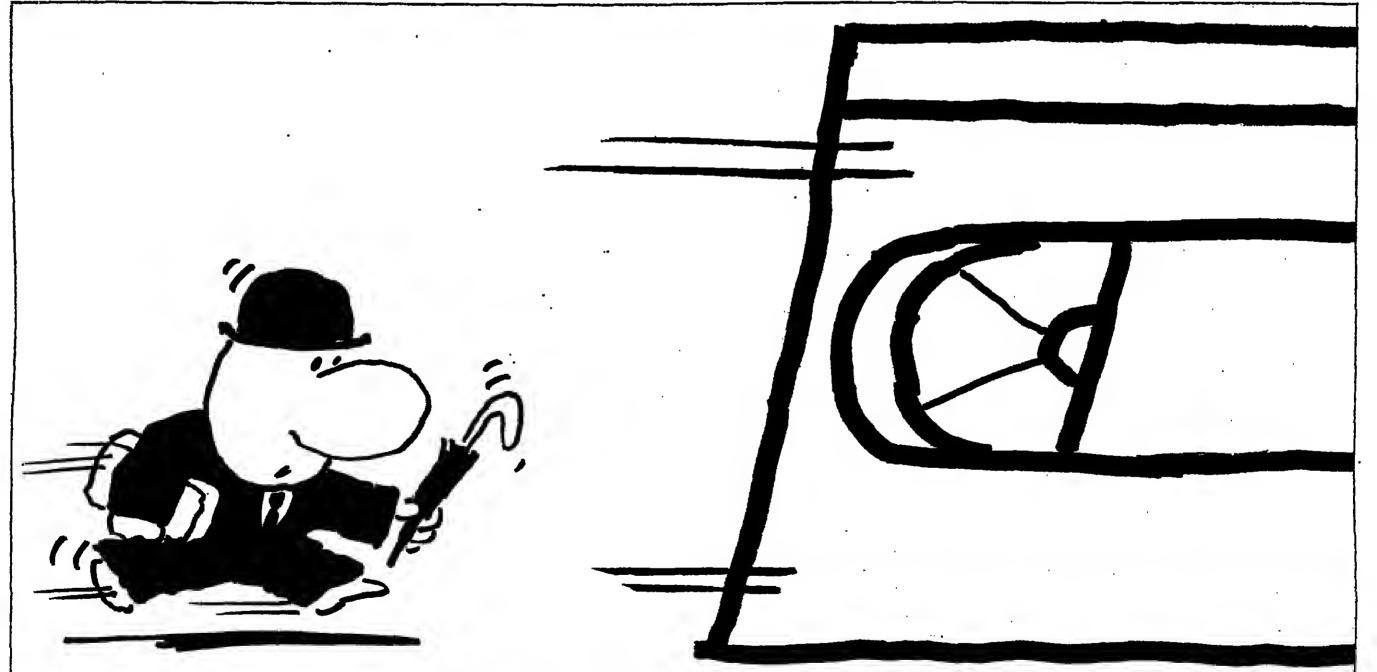
The two companies have held talks with Indian Government departments and agencies covering areas such as detence, railways, telecommunications, satellites and banking about selling consultancy and operating services for proposed tele-

nical and equity collaborations vate sector and foreign comin several areas of India's panies into this previously public sector area.

> The companies would like to become involved in modernising and operating telephone sys-tems in Bombay and Delhi which are to be run by separate corporations hived off from the main nation wide telecommunications department.

They have considered offering services to India's C.Dot pro-gramme for developing a digital switching system in which GEC of the UK is also interested. They have also looked into sidised financing through them, objections to its operations by leaving the EDC to concentrate strengthening its regional on its credit insurance and offices and designing several guarantee business. Unlike programmes aimed primarily at most other industrial countries, medium and small exporters.

This is the first of a series No bids have yet been sub- India's plans for optical fibre of link-ups planned in different mitted for specific projects, systems where STC of the UK is countries by British Telecom partly because the Indian trying to establish a manufactor most other industrial countries, medium and small exporters.



CAN A BUSINESS GET AHEAD WITHOUT FIRST CATCHING UP?

To entrepreneurs who thrive on opportunity, the question is rhetorical. In today's competitive economic climate successful growth industries are good news - for investment and for profit. Which is why more and more businessmen are being attracted to Scotland. How, precisely, you might ask?

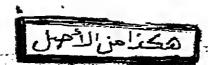
They're viewing our free video presentation which highlights the sort of opportunities

that Scotland's high-tech industries are providing men with vision. In the electronics industry (we lead Europe in semiconductor production), in health care and biotechnology (a world leader), in advanced engineering, and the ever expanding support and

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TECHNOLOGY

Valve controls the steel flow and points the way ahead

THE continuous casting I The continuous casting pro-cess, the single most important advance in steelmaking tech-nology in 20 years, may soon be economically applicable to the production of almost every grade of steel as a result of a new system for controlling flows of molten metal which has been developed by British Steel been developed by British Steel.

Bernard Sign

Continuous casting provides improvements of 15 per cent or more in yields plus significant energy savings compared with the traditional method of casting molten steel into ingots. Indeed, the extent to which

become a major measure of the competitiveness of a steel producer. For example, an average of 90 per cent of Japanese steel is continuously cast. At British Steel, the rate is 50 per cent. However, one of the prob-lems in the application of continuous casting has been con-trolling the flow of molten metal from the basin, or tundish, into

Ian Rodger on a British Steel development which could cut the industry's costs worldwide

control is important because if the molten metal flows too quickly, it may run out through the other end of the mould before hardening into the desired shape of hillet, bloom or slab. If it does not flow quickly enough, it could harden prematurely and block the mould.

As long as o producer is making only one type of steel, control can be achieved fairly simply by means of a fixed opening at the base of the tundish of the size required to provide the desired flow.

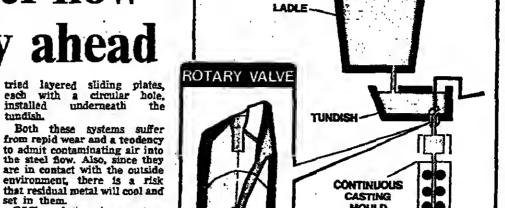
diameter nozzle at the bottom that residual metal will cool and set in them.

BSC's solution is a rotary valve, developed and installed at its Teesside works in the past year, which gets around these problems. It consists of a eceramic notate. It is installed in the bottom of the installed in the bottom of the installed in the bottom of the size required to provide these grades.

Some producers have experimented with conical shaped Control is important because diameter nozzle at the bottom

Both these systems suffer from repid wear and a teodency

to admit contaminating air into the steel flow. Also, since they are in contact with the outside environment, there is a risk that residual metal will cool and



that the flow can be finely con-trolled. The stem is rotated by an actuator gear which rises above the molten steel from the side of the tundish. Since the valve is immersed in the molten metal, there is little risk of residual metal hardening or of sir being drawn into the moulds. It also has a

of the size required to provide the most widely used system today consists of a sink plug, in a fixed size of the today consists of a sink plug, in a fixed size of the today consists of a sink plug, in a fixed size of the today consists of a sink plug, in a fixed size of the today consists of a sink plug, in a fixed size of the today consists of a size of the today consists. Since the valve is immersed in the stopper rod and nozzle is a rods.

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Stopper rods normally last up to eight bours. BSC, which has a connection between a side of the tundish.

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Side of the tundish.

Since the valve is immersed in the stopper rod and nozzle is a rods.

the stopper rod and nozzle is a rods. July one.

machine at Toesside, has used them for 13 hours. Even then casting was stopped only because there was no metal left to pour.

Teesside is now sufficiently confident about the valve that it bas transferred production of the steel used for making the trackshoes for bulldozers to the hloom caster. It is also getting ready to test it on its slab casting machine.

BSC is seeking patents for its valve and hes licensed Thor Ceramics of Clydebank, which has been involved in the development, to market it world-wide. Mr Alan Thornton, commercial manager of Thor, said the potential was considerable. About 250,000 stopper rods eonsumed worldwide every year.

He said the rotary valve system for bloom and billet casters would probably cost between £5,000 and £7,000 a strand to install, twice the cost of stopper rod systems hut less than half that of sliding gate longer life than stopper rods systems.

because the joint between stem Similarly, the consumable and nozzle is always smooth rotary valves might sell for whereas the connection between about £150, twice the price of

A weapon that fires bursts of electrons at close to the speed of light

Electron beam is guided by magnetic repulsion from currents in surrounding

electron-bored channel

HIGH ON a barren, snake-infested hillside in the New Mexico desert, US scientists are experimenting with what could become, a new kind of gun firing bursts of electrons, or electricity, close to the speed of light, 100,000 times faster than any missile.

They are investigating the physics of what they claim to be the most powerful electron accelerator in the US. The kind of weapon they believe might emerge is short-range but fast in a short distance by lining up enough to kill a missile which has slipped through an aircraft or vessel'a other defances.

an idea which drew on technology under development at Sandia.

The Soviet paper showed how bursts of electrons could be accelerated to very high speeds in a short distance by lining up microwave diodes like a gun barrel. It acknowledged that the diodes they used were of the or vessel'a other defences.

These are joint experiments of the US Air Force Weapons Research Laboratory at Kirkland Air Force Base, Albuquerque, and the nearby Sandie National Laboratories, one of the Star Wars research centres. Their accelerator is seven miles south, into the

David Fishlock on an experiment in the New Mexico desert

diodes they used were of the kind designed by Dr Gerold Yonas at Sandia, who was using a ring of them to focus many electron bursts simultaneously on a speck of nuclear fuel.

one of the Star Wars research centres. Their accelerator is seven miles south, into the mountains, at the US Air The first Soviet experiment, Force's directed energy experimental range.

The electron accelerator is mental range.

The first US experiment, Radlac 1, 1981 the Russians claimed they behave the scientists been electron beam through the generation of a concept conceived seven years ago after Soviet scientists had published about the Soviet atmosphere.

Soviet scientists long to work out why the Russians might want to the Russians might want to the Russians demonstrate a new way of the demonstrate a new way of the concept conceived and propagated and they charged and the selectron beam for 15 metres to a militarity significant target.

The trick is to shape bursts of the energy unlea target. The evidence lies in the selectron beam of 13,000 amp. The it would not work the salled propagated and they behave a 0.5-inch thick aluminium disc nearly plerced by a single through a bolt.

The first Soviet experiment, Radlac 1, 1981 the Russians claimed they behave a bolt.

The first US-10, generated bursts of laboratories were confident that the electron beam for 15 metres to a militarity significant target.

The evidence lies in the doubletrop the target. The evidence lies in the demonstrate a new way of the demonstrate a new way of the

Annular channel

Magnetic forces due to return currents tend to centre the beam as inguiding through a metallic pipe on a speck of nuclear fuel.

It did not take the US

Treat force of the directed and the first of 50,000 amp.

It did not take the US

Treat force of the directed and the first of 50,000 amp.

The force of the directed and the first of 50,000 amp.

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Electron beam

transport tube at the end of the accelerator. The tube. shown in the diagram, is filled with argon gas at low pressure. A small electron gun is synchronised with the accelerator to bore a channel through the gas in time to receive the electron

The burst of electrons from the accelerator then seen a positively-charged tunnel, which draws the negatively-charged electrons. Magnetic forces induced by the fast-moving electrons bold them as if they were flowing through a wire. The result is analogous to a sun barrel.

Electrons leeve the transport tube through a foil window to enter the atmosphere as a fine

The energy unleashed by Radlee 2 is enough to persuade the scientists to evacuate the facility each time it is fired. It goes off with a resounding crack, which echoes round the mountains. Its bolts of elec-tricity are deposited in the target so fast that the target



Mapping a test centre

THE National Computing Centre in Manchester and University of Leeds Industrial Services are jointly trying to define the requirements for setting up a MAP test and conformance centre in the UK.

Map, or manufacturing antomation protocol, is a user-driven initiative led by General Motors. It is an attempt to implement the data communications standards emerging from the International Standards Organisation in Geneva.

The idea is to get robots, machine tool controllers, programmed logic controllers and other shop floor systems. regardless of manufacturer, to interwork comprehen-

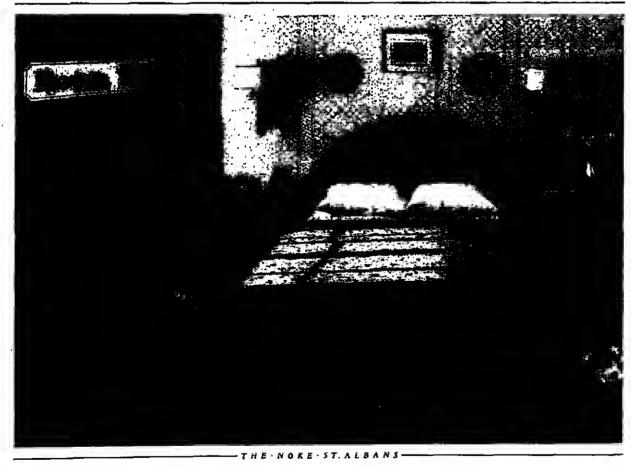
To ensure confermance between emerging Map products, a satisfile test centre will be needed in the UK. Under a £25,000 contract placed by the Department of Trade and Industry, NCC and the Leeds group aim to find out what is required.

Such a centre is important, because proof of conformance wili increase the market's confidence and investment in modern manufacturing tech

Bid to prevent gas explosions

COMPANIES in the mining. chemicals and medical equip-ment industries may benefit from work to reduce the risk

Engineers at the Production Engineering Research Association in Melton Mowbray, Leicestershire, have produced control systems to monitor electric power and operating temperatures to keep them within safe levels.



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To be able to return home every evening to one's elegant house in the country is the dream that keeps every businessman in business.

. Guests at The Noke Thistle Hotel, Herrfordshire, do not have to wait another thirty years to see that dream come true.

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lightened Thistle philosophy.

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Channel

link seen

as boost

nel signation an undoubted the in rents for offices, factories warehousing and retail space. House prices, ipo, would increase beyond the projected to per cent growth figure estimated for 1968.

Mr James Warner, a partner with Ward & Partners, estate agents with 25 offices in the Kent area, was less optimistic.

It was arguable whether there would be a visit increase in the conception.

would be a vast mercale in the price of commercial properties, he said. As for residential properties, be said. As for residential properties, he doubted that the tunnel decision would have "any dramatic effect" on home prices.

The plan by Channel Tunnel Group-France Manche for "it twin-bove rall junnel includes a 354-acre terminal to be built at Cheriton, near Folkestone. Feats

Cheriton, near Folkestone. Fears

Labour plans tougher code on takeovers

BY PETER RIDDELL, POLITICAL EDITOR

SEVERAL of the big takeover bids in the recent wave would have faced much tougher public scrutiny under proposals from the Labour parliamentary leadership, due to be outlined later today.

This follows a reaffirmation yesterday of the Government's competition policy from Mr Leon Brittan, the Trade and Industry Secretary.

The key new Labour proposal is that the owns of proof that a merger is not against the public interest should shift to the bidder away from the Monopolies and Mergers Commission (MMC), as at present,

in certain cases. This shift in justification would apply, and a reference to the MMC would be automatic, in cases where defence interests represented a significant proportion of turnover, where the merger involved a purely financial transaction rather than a genuine industrial reason, and where the likely outcome would be a significant reduction in employment in the companies.

These criteria would, for exam-ple, have affected the GEC bid for Plessey and the Elders hid for Allied Lyons, both of which have in-cidentally been referred to the commission, as well as to previous big mergers, such as Thorn-EMI.



Mr Leon British: no case for modifying policy

There would be continued monitoring of the results of mergers involv-ing if necessary, a requirement for prior notification of price increases. This approach is not yet official This approach is not yet unicial may have party policy, but it is expected to be presented as the current thinking icy on references and does not be of the parliamentary leadership during a Labour initiated debate quires margers policy to be rethis evening in the House of Lords viewed in isolation from the more of the parliamentary leadership during a Labour-initiated debate this evening in the House of Lords by Lord (Charles) Williams, the for-mer chairman of the Price Commis-

to property Bryan Gould, Labour's trade spokesman, from Mr Britian, in which he says that the Govern-ment's competition policy contin-ues to stand the test of experience By Flora Thompson ESTATE agents in Kent, south-east England, were divided yes-terday on the potential impact of a Channel rail hunnel on prices of commercial and residential properties in the region.

Mr John Bishop, head of the estate agents Geering & Colyes, with 22 offices in Kent and Sus-sex, said this week's Anglo-French decision to build the tun-nel signalled an undownfeld rise in rents for offices, factories, in the light of the so-called mergers

Mr Brittan says that nothing that has happened in recent months has caused him to change his mind. He says the policy is quite clear that references to the MMC will be made primarily (but not grounds in view of a belief that market forces and competition are the most efficient means of allocating resources.

He admits that other factors He admits that other factors, apart from competition, can be grounds for reference, citing the Edders bid. But, he stresses: "Bach case must be examined on its merits in the light of the specific circumstances. Any attempt to impose rigid general rules would quickly fall foul of a special case which he rules did not fit. The Hexibitity of our roller is one of its greatest.

our policy is one of its greatest strengths."

Mr Brittan says, therefore, that The Labour approach would also by Lord (Charles) Williams, the form involve a standing reference to the MMC of certain trading practices such as big discounts offered by the Government's view was unfood manufacturers to retailers. The Government's view was unfood manufacturers to retailers.

Cheriton, near Folkestone. Fears have been expressed that it will degrees house prices in Cheriton.

Mr Bishop of Georgia & Gelyer said that, for individuals fiving on the perimeter of the construction site, the threat of what might happen to house prices was often worse than actual fact. If owners sat tight, they might get a better price once the work neared complete on, he said.

In my experience, the num-her of people wanting to get out of the area will be replaced by

of the area will be replaced by
the number wanting to get in.

Commercial premises would
come under pressure first, said
Mr Hishop Prices in Erist, Said
Mr Hishop Prices in Erist, Said
Mr Tony Skyuner, chairman
and managing director of Cobbs
Property Soprices, the largest estate agents in Kent, with compartial property sales list year
of 100m and residential sales of
£205m, said the commercial er-2050, sald the commercial el-

Print unions vote for industrial action at Murdoch newspapers

FRE PRINT unions Sogat 32 and the National Graphical Association (NGA) last night announced large majorities in favour of taking industrial action at Mr Rupert Mandoch's News International after a ballot of their members at the group's four UK titles.

These are The Times, The Sunday Times, the mass circulation Sunday newspaper the News of the World, and the Sun, the best-selling daily tabloid in Britain.

Sogat members upted 3.534 to 752 in tayour of industrial action including strikes and NGA members \$43 to 117.

Ms Brenda Dean general secretary of Sogai, said after amounting her union's right. We will be seeking a meeting with like company to give them a last opportunity to resolve this through pegoriation. If they don't then I believe we will see industrial action probably before the end of the week.

clined to say how many. It employs 22,300 people compared with about

35,000 six years ago. The use of har-der mearing neg trains in Rulain has decreased the volume of main-

way workshops at Swindon, Wili- as plastics by BR.

Rail workshops to split

into business groups

ing plant at Wapping in London's neering union, AUEW, in a com-Docklands, Last weekend say the approach for recognition at the production of a 24-page Sunday Wapping plant.

Times supplement produced by The EETPU is to hold talks with Times supplement produced by members of the electricians union EETPU and non-union labour. News International on a possible deal at the end of the month.

Mr Topy Dubbins, general secre-tary of the NGA, said there was no dissiled in initiatital action attempt his members being unlawful.

He said: "A claim for employment guarantees, the indepartion of wages and also for the opportunity for for members to transfer to Waptang if any of the titles fransfer to Wapping has been turned dogo." He said: "In these circumstances, it is a straightforward wages and conditions issue between ourselves and News International that comes within the current legislation."

give them a last opportunity to resolve this through pegoriation. If
they don't, then I believe we will see
industrial action probably before
the end of the week?

The conflict with News International last its roots in the commissioning of the company's new print-

Mr Dubbins said he hoped the electricisms would head the advice of the TOC and recognise that their current course of action was going to jeopardise the continued employment of 6,000 people with the

company.

He said: The reality of the current situation is that the print unions will do everything they can to negotiate a settlement. He believed that consulting members through a secret ballot indicated the seriousness of the union's stance.

- but neither will we shrink away from a dispute if we have to do so to defend our members employment, said Mr Dubbins. Hoth unions hope their large mandate for strike action will cause

Investors put record £2.5bn into unit trusts

UNIT TRUSTS attracted a record

BRITISH RAIL Engineering (Brel), shire, is published today. The inquiwhich has cut jobs and enactive ty was set up by the Diocese of
sharply as UK repair work has fallen, is to split into two separate business groups, the buggest of which
will compete in the open market for
home and foreign others.

The main Brel division, being
prepared for privatisation, employs
tal forther job lesses, but Rev detial fort UNIT TRUSTS attracted a record £2.5tm from investors last year, almost double the investors last year, almost double the investored in the previous year, according to figures released yesterday by the Unit Trust Association (UTA).

Total sales of unit trusts in 1985 amounted to £4.5tm, compared with £2.9tm in 1984. Repurchases of units rose to £1.85tm against £1.45tm, leaving net new investment in unit trusts of £2.54tm, compared with £1.44tm in 1984. Monthly prepared for privatisation, employs
11,300 people. It will concentrate on
the priding of new products for UK
and oversees customers, as well as doing heavy overhauls and component repairs for BR.

It will comprise Bree's works at Crewe; Derty (Litchirch Lane), pared with £1.44hn in 1984. Monthly investment figures were continual-

has decreased the volume of maintenance work.

Brel said resterday that it hoped
to win business from Channel Tuanel Broop (CRC), which is to build a
real said rail shuffle fink between
England and Traine. CRY will
spend 1230m at 1985 prices on rolling speck and locondives. British
lall. Bre's parent gles place new
investment.

South Yorkshire, fastleigh, near
Southampton, and Classow, will
deal with the maintenance and
light repair of BR rolling stock. Repair work has diminished with the
tight countries by BR.

The other four works at Wolgeton (Backinghamshire). Denoactive,
South Yorkshire, fastleigh, near
Southampton, and Classow, will
deal with the maintenance and
light repair of BR rolling stock. Repair work has diminished with the
tight countries of the closure of the railway workshops at Swindon, Will-

UK CAR production last year reached 1.048m units, the highest level since 1979. Commercial Vehicle output also recovered strongly from the low level of 1984 to 253,890. Kenneth Gooding willow.

Few forecasters expected car production to top 1m in 1985 but it was boosted by record UK sales and a boosted by record UK sales and a better export performance - particularly by Austia Rover, the BL subsidiary, whose sales outside the UK rose by 15 per cent from the 1944 level to 1944 level to 1944 level began to rebuild stock levels inwards the end of last year, reflecting its confidence that car sales will remain near or above last year's record 185m. Those factors combined to

Car output

highest for

six years

in 1985

put car output last year 15 per cent above the 960,000 for 1984. ☐ THIRTY-TWO Tory MRs rate against the Government in the flouse of Commons in protest against the high level of rate local (property tax) increases which rural authorities are likely to have to imauthorities are likely to have to impose in the coming financial year.
The rate support grant proposed
by the Government for English authorities in 1950/6; was approved
by a majority of 71 – about half the
Government's actual level of supercity over other parties in the
House of Commons.

DIEVES HYGIENE, one of three health and hygiene complaints sold in December for £10m by Cadbury Schopepes in management buy-ques amounced it was alwing for a sales growth of more than 28 per cent in the next fixe years.

Mr Bryan Long, managing direc-tor designate of the company, fore-cast that if overheads could also be reduced pre-tax profits of Jayes Hygiene could rise from £1.33m at

five years. I SIR JAMES Cleminson, president of the Confederation of British Industry, is to become chanten of the British Industry, is to become chanten of the British (Iversees Trade Board, the government supported export promption agency, when his term of office exports in May.

The new president of the CBI is expected to be Mr David Nickson, Sir Jamet's deputy, who is chairman of Scottish and Newcastle Breweries.

the end of 1986 to £3.5m in the next

Stockbrokers agree mergers

BY JOHN MOORE, CITY CORRESPONDENT

stockbrokers, which the Hongkong and Shanghai Banking Group has agreed to acquire, will take a 20 per cent shareholding in the merged

securities group.
The latest deal follows the acquisition of a 20 per cent stake by James Capel in Parsons & Co., the Glasgow-based stockbroker, last July, Capel took its stake in Parsons as part of a joint venture with Posof the Post Office and British Tele-

FIVE STOCKEROKING firms are to merge in the most extensive realignment of securities firms based outside London. In the deal, James compension schemes, took a 20 per details have been disclosed about how much capital is to be injected into Allied Provincial Securities or outside London. In the deal, James merge with Illingworth Henriques the cost of the Capel-BasTel

merge with Illingworth Henriques of Manchester, Laws & Co of Bristol, Murray & Co of Birmingham and Stancliffe Todd & Hodgson of The five brokers are to become wholly owned subsidiaries of a new-ly-formed holding company, Allied Provincial Securities, which will be

a non-operating external member of the stock exchange. After the merger Capel and Pos-Tel will hold 20 per cent each in Al-lied Provincial Securities. The re-imander of the equity will be held

It is intended that Allied Proving cial Services will deal primarily with private cheats through a re-gional network of 17 offices. After the merger, Allied Provincial Secu-rities will be advising private clients with funds in excess of Elhn.

As part of the plans it is intended that the new group will expand the financial services of the individual brokers to include tax planning, pension arrangements, and other

"I don't go out looking for free things. But, OK, it's nice when they come along."

"Airlines that try to attract passengers with a lot or free frills do not appeal to me. If you can afford an airline ticket, you can afford to pay for wine with your meal.

What you are really paying for is a nice, quiet flight so that you arrive well rested.

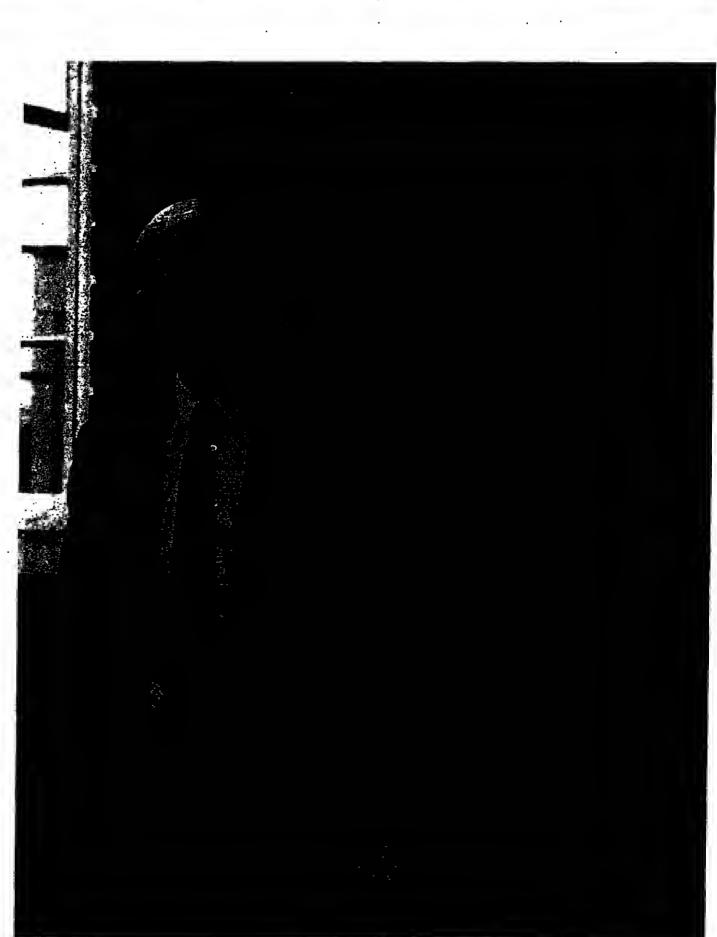
"SAS gives you that. The personnel are terrific. They have the kind of service people want. Not a lot of rubbish. And the food is superb. Like a flying restaurant.

"And even though I'm not attracted by free this and that, the complimentary wine adds a nice touch."

TOM SMEATON
CHAIRMAN
NOVA FABRICATION LTD.
AND DRECTOR
LEICESTER CITY FOOTBALL CLUB.



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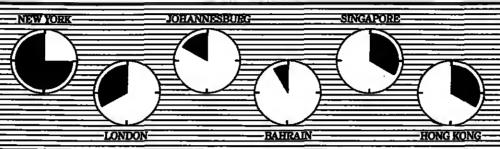




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Institutions' cash flow

UK FINANCIAL institutions' cash began in March 1984 with the flow fell in the third quarter of 1985 change in societies' tax treatment.

to its lowest level for two years. The Purchases of gilts by pension and

inflow fell to £8.1bn from £10.8bn in insurance funds fell back to the

the previous quarter and £95n a lowest level for two years, reflectyear earlier, according to figures ing the scarcity of new government
published yesterday by the Central issues in the summer. Unit trusts
Statistical Office (CSO).

Net inflow into life assurance and bought more gilts
pension funds rose by £357m to The institutions bought £1.465n

£4.49bn. Unit trusts and investment of UK company shares in the third

trusts also increased their intake, quarter, compared with £1.94bn in but building society deposits detine previous quarter and £1.08bn a clined in the quarter. Overall cash year earlier. Purchases of overseas

lowest for two years

THE GOVERNMENTS chosen method of regulating a privatised British Gas Corporation is not strong enough to ensure the protection of consumers against mecom-petitive practices, according to a strongly critical report from the allparty House of Commons select

committee, published yesterday.

The Government has proposed a loose system of regulating a privatised British Gas, arguing that a tighter regulatory system would create bureaucracy rather than connection.

The committee said yesterday.

We believe that there can be no heavier or more deadening regulation of any market than exercised

by a powerful and ineffectually restrained monopoly."

The committee proposes several major changes to the Gas Bill, which it believes are necessary to maximise benefits to the consumer from the privatisation.

The new company, it says, must be obliged by law to publish sepa-rate accounts for the three main businesses of exploration and production, distribution, and retail. It must also publish separate results for its sales to the domestic and industrial markets. These measures would prevent cross-subsidisation

to support predatory pricing. Mr Peter Walker, the Energy Secretary, has laid stress on the power of competing fuels to force British Gas to follow market forces in the industrial market. But the committee said yesterday, "We take a far less optimistic view than the Secretary of State of the strength of competitive forces in the markets where gas competes. Far more de-tailed and convincing evidence than that so far offered would be needed o allay our scepticism."

policy would be on gas imports and exports after privatisation.



ers. The committee yesterday de-scribed that as a "recipe for cost-push inflation." It said that the future director of gas supplies must be able to satisfy himself that British Gas's purchases were prudent. The corporation should not be al-

plies should have a statutory duty to promote competition in all areas of the gas market and the freedom to exercise those powers, the MPs say. A similar statutory duty already exists in the case of the Office of Telecommunications, the regulatory body for British Telecom, but the Government has not put an analogous clause into the Gas Bill. The committee attacked the Gov-

Controls to stay after state sale of airports

By Lynton McLain

A ROW is expected over govern-ment plans to sell the British Airports Authority (BAA) with government constraints on its commercial

The Government has confirmed that it intends to retain powers to override the commercial autonomy of the BAA after its privatisation early next year. That will affect the type of traffic the proposed British Airports company can take and whether inefficient airports can be

The new public limited company will not be permitted to close any loss-making airports such as Prestwick, Scotland, without government authorisation, Mr Michael Spicer the Under Secretary at the Depart ment of Transport, said on Monday.

Before the authority closed Prestwick, it would have to approach the Government and the Government would still have con-

Prestwick is designated as a gateway international airport for US and UK airlines under the Bermuda Two air services agreement. That makes Prestwick the only Scottish airport permitted by the Govern-ment to handle transatiantic flights.

The Government is looking for a "steady improvement" in Prest-wick's financial results, it said in its airports White Paper (policy statement) in June. "If this has not come about by 1989, the policy will be re-

out government plans to privatise the BAA, was published last Thursday, Sir Norman Payne, the RAA chairman said: "Wa are concerned degree of regulation considerably greater than that envisaged in the White Paper.

TUNNEL COULD BE USED TO CARRY ANGLO-FRENCH ELECTRICITY CABLES

New Channel power link studied

BY MAURICE SAMUELSON

BRITAIN'S electricity industry is looking at ways of using the Channel tunnel, agreed this week by the British and French Governments, to import a second large slice of electricity from France's nuclear power stations. The Central Electricity Gen-

the Central Receiving Sen-erating Board (CEGB) proposed the idea two weeks ago to the Channel Tunnel Group, the con-sortium subsequently chosen to build a twin-bore rall link, by 1993. The CEGB, which propos to use the rail link's central service tunnel, claims it received a positive response and that it is now emberting on detailed stud-

To lay high-voltage cables in the tunnel would rule out the need to entrench them in the seabed like the new 2,000 MW link that last week began its first commissioning trials. Although the presence of cables in the tunnel would present its own ha-zards, they would be more acces-sible for servicing and inherently

less prome to being runtured than those laid on the sea bottom.

Mr Sam Goddard, the CEGB's director of system planning, said in London that the Board had not desired a planning before the made similar plans before the last Channel tunnel project col-lapsed in the mid 1970s. The present 2,000 MW link is expected to cost £760m, which will be shared equally by the electricity industries of both countries. A large proportion of the money was spent on the in-stallations in each country that convert the power from direct to alternating current and vice ver-sa - the electricity travels as di-rect current through the cross-

According to Mr Goddard, the CEGB is studying the difficulties involved in laying and maintaining the cables and in cutting the risk of fire. The cables generate heat and could be affected by the high temperatures of the railway power lines. The CEGB also anticipates difficulty in securing agreement in view of the large mber of parties involved

At the same time, the CEGB stresses that no decision has yet been taken on whether to increase its capacity to import French electricity. Lord Mar-shall, CEGB chairman, has expressed concern that such a step would further increase unemployment in Britain. In the im-mediate aftermath of the miners' strike, however, the idea was more popular in government cir-

France, eager to export its growing electricity surplus, is likely to be more interested.

Swan Hunter yard fears 'unfair' orders fight

SWAN HUNTER, the warship yard that has just been sold to its management in a 25m buy-out deal, yesterday spoke out against the possib
market into the private sector that one of our competitors is a statefinanced company developing its market into the private sector." terday spoke out against the possib-ility of what it termed unlair competition in the battle for about £200m worth of naval orders soon

to be placed.

The Tyneside yard, in north-east
England, is in the running to build two all-purpose naval support vessels, known as auxiliary oiler re-plenishment ships (AORs). It wants

the work to supplement its present workload of more than 300m.

Also competing for the business bank debt after more than five stood well below the peak of years of continuously increasing £1.42bn reached in the first quarter their borrowings. Most of the repayments were of foreign bank borrow—

More than 60 per cent of institu-More than 60 per cent of institu-tional investors' cash flow went into said the yard hoped to win both

Institutional investors sharply requities in the third quarter, comduced their purchases of UK government securities in the third er. Brokers said 1985 as a whole presence of H He expressed concern about the presence of Harland & Wolff in the quarter. Building societies reduced was likely to see a greater proportion of contest. "We are concerned their holdings of government stocks tion of institutional money going inabout the question of fair pricing (gilts) by a net £596m, continuing to shares than at any time since the policy and commercial risk." He will be strange as we

Harland & Wolff has streamline won some large orders, notably a £75m contract to build a comple vessel for British Petroleum

Mr Roger Vaughan, another Swan director, said that the Belfast yard was still "very, very heavily

As well as the AORs, Swan wants more frigate orders and will try to enter the export market. Mr Roger Brooke, chief executive of Candover Investments, which is heading in-stitutional backing for the buy-out, said of UK naval ordering policy: The only fear we have is that there is distortion in decision-making for non-commercial reasons."

Swan Hunter, employing 4,500 people and with a turnover of over £110m a year, hopes to make a prof-

Protest by Sealink at Belgian exclusion

MR JAMES SHERWOOD, chairman of Sealink British Ferries, called on the Government yestergian-flag car ferries unless it was riven renewed access to berths in

He said 250 seamen on the St David ferry might be made redun-dant unless it could return to Belgium. The number could be reduced, however, if a proposed freight service between Dover and Dunkirk. France, came into operation.

Mr Sherwood made his com-plaint about Sealink's exclusion from Belgian ports in a letter to Mr Nicholas Ridley, UK Transport Secretary.

The conflict arises from the decision by Sealink's former Belgian partner, state-owned Regie Voor Maritime Transport (RMT), to sign a deal late last year with Townsend

Thoresen, part of European Ferries. Mr Sherwood, disappointed this week by the Anglo-French decision not to choose his own Channel Ex-pressway for a fixed link between England and France, said Belgium was now refusing Sealink ships access to its ports.

"A monopoly has been completed on the car ferry route between Bel-gium and the UK," he said.

Townsend Thoresen markets the four Belgian-flag ferries and two jetfoils serving Dover and Ostend under its own name, although they fly the Belgian flag. It also has its own vessels operating from Felixstowe to Zeebrugge.

Mr Sherwood said Sealink's lawyers felt the UK Government had a strong case in insisting on access to berthed, or Zeebrugge, where it was now seeking a place.

Mr Peter Walker lays stress pricing formula that would allow British Gas automatically to pass on to emsumers the increase in the cost of the gas it buys from produc-

ernment for not stating what its

Insurance monitoring 'outside scope of new securities body'

BY NICK BUNKER

don insurance market, in the regu- ing system." technical and practical problems, scandals, Mr Bamford said. both for Lloyd's and for the Securiand Investment Board (SIB) Sir Kenneth Berrill, the SIB's chairman, said yesterday.

Speaking in London to 150 delegates to a Financial Times/Deloitte Haskins and Sells conference on Regulating the Financial Services Industry, he said it would be wrong to bolt on to the SIB the capacity to monitor the insurance and reinsurance market

That market is quite different from the securities market. We would have to get a whole new area of expertise on to the board. We already have a very big agenda," he

The bill should not be amended to transform the SIB into a self-standing statutory commission, but the SIB would like to see an amendment giving it explicit power to change the rules of the self-regulatory organisations (SROs), which are to undertake day to day market

Supervision.
Sir Kenneth added that the SIB, which is expected to receive delegated powers from the Secretary of State for Trade and Industry, would publish in February draft conduct of business rules for securities and investment businesses, to be subject to consultation with in-

vestors and the industry.

The bill itself has been hailed as a legislative landmark, but it "does not make a major departure from current legal and constitutional structures," said Mr Colin Bambord, a partner in Herbert Oppenheimer, Nathan and Vandyk, the law firm. The proposals, while acknowledging the great structural changes in the market, do little in practice to cope with the consequences of that

Banks, for instance, increasingly treated parts of their loan portfolios as if they were made up of securities, but the bill treated banks and the securities industry as distinct

in concentrating on investor protection to the exclusion of prudential legislation, to promote the inter-

INCLUSION OF Lloyd's, the Lon- would simply "bolster up an exist- ers of sanction against non

Mr John Robertson, a senior partner at Wedd Duriacher Mor-daunt and Company, said invest-ment businesses could set up compliance departments to monitor adherence to the new regulatory framework without becoming "police states in the making."

A compliance department would have to act like a company's inter-



FINANCIAL

SERVICES

nal audits division to run checks on securities dealing and to "look over Chinese walls' so as to manage pos-

sible conflicts of interest. But Mr Robertson also welcomed the SIB's proposal for an investment industry ombudsman to han-dle complaints from investors.

Regulators faced a special challenge from the recent rapid growth in the number of individual inves-tors, said Mr Edgar Palameuntain, chairman of the Wider Share Ownership Committee, who also chaired yesterday morning's confer-

The British Telecom share issue and employee share schemes had increased the numbers of individual share owners who might be inexpe-rienced. "The less they know, the more protection they will need," Mr

Ismountain said. Professor Robert Pennington, of Birmingham University, said that one difficulty with the Financial Services Bill was that it gave no power to self-regulatory organisations to seek information from outsiders or non-members of SROs, who might possess crucial evidence. More generally, the SROs might be ments for the recognition handicapped by their lack of pow-

latory framework proposed in the lit ignored the root cause of probSovernment's Financial Services lems such as the collapse of Johnthe Government's proposed regulary to the Government of the Go Bill would create extremely difficult son Matthey Bankers or the Lloyd's the Government's proposed regulatory framework, said Mr Richard Bristow, executive director of Credit Spisse First Boston. But of cruc importance was the question of designated exchanges approved by the SIB. As more markets were designated and approved, more transactions took place and fewer changes in the existing regime

ere necessary. Mr Charles Nunnely, chairman of Robert Fleming Investment Man-agement, said the regulation of investment managers should be per formed by a single SRO in one place. "The investment manage ment regulatory organisation (Im-ro) should be that place because it is designed for the purpose," he

The National Association of Securities Dealers and Investment Managers (Nasdim) saw it as important that SROs should continue to register individuals as well as firm and companies, said Mr Mark St

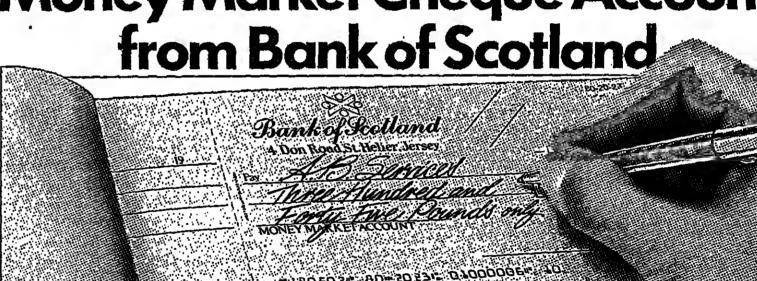
Giles, chairman of Nesdim. He said that if individuals could not be registered separately from their employers, there could be no sanctions against them between "a rap on the knuckles and the muclear deterrent of de-authorising

Lord Bruce-Gardyne of Kirkden said the framework of regulation proposed was "not far wrong," but he thought that successful regula-tion would depend critically on the

of England. Mr Graham Ross Russell, deputy chairman of the Stock Exchange, said: "If we are not to find ourself saddled with a structure which is not only complex but unworksble in practice, it is entirely appropriate thet we have the maximum amount of discussion at this stage."

Mr Alastair Annand, of the Association of Futures Brokers and Dealers (AFBD), said the AFBD had a "comprehensive set of rules and code of conduct" in draft form which he believed was "essentially consistent" with the SIB's require

the process of disinvestment that mid-1970s. An Offshore Money Market Cheque Account



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A FRIEND FOR LIFE

Judge rejects Rumasa court plea

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A FURTHER attempt to postpone part of the English litigation arising from the expropriation by the Span-ish Government of the Rumasa group in February 1983, has failed in the High Court in London.

Mr Justice Vinelott ruled yesterday that a dispute over the owner-ship of the English trade marks for Dry Sack sherry, between an English subsidiary of Rumasa and a Jersey company controlled by Mr Jose Maria Ruiz Mateos, founder of Rumasa, must go ahead as planned

on February 17.

The judge said that, once the hearing had started, it could be ad-

house arrest after his release from a Madrid prison. Mr Ruiz Mateos faces criminal charges arising from the conduct of Rumasa's affairs before expropriation.

Saying that it would be wholly wrong to defer the trial, the judge tion in Spain, might last and the added that the only ground for doing so would be if the terms of Mr suspense until such uncertainties Ruiz Mateos's house arrest made it difficult for his English lawers to get access to him to prepare their

Mr Ruiz Mateos's lawyers had

journed to Spain to take evidence said it would be unfair to require from Mr Ruiz Mateos, who is under him to attend to the English prothe first stage of the criminal prosecution in Spain.

> Mr Justice Vinelatt said that noone knew how long the criminal proceedings, and any other litiga-tion in Spain, might last and the English case could not be kept in

He was, he said, wholly unper suaded that there could be any real injustice to Mr Ruiz Mateos if the

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UK NEWS

Unionists warm to fire and brimstone politics

still be done. Under God's guidance

sunshine upon us, we're going to see this agreement in tatters."

They love it, the 200 ecstatic men

and women who have driven miles through the freezing slush and fog. Some have brought their young

sons (none seems to have brought

daughters) as though such meetings are initiation ceremonies.

Now all eyes are on the platform where Mr Paisley is graciously ac-

knowledging his standing ovation.

Ulster air is so invigorating, "I've a

feeling if we keep Jim Molyneaux here any longer, he might get mar-ried." Mr Molyneaux, a bachelor,

Mr Paisley continues remorse-

grins feebly.

He starts in rollicking form, re-

THE RALLY at Omagh in County Tyrone, Northern Ireland, opens, like most of the Rev William McCrea's political meetings, with a

prayer. And what a prayer.

Mr McCrea belongs to both the
Rev Ian Paisley's Free Presbyterian
Church and his Democratic Unionist Party (DUP). He is one of the 15 Unionists who are tomorrow seek-ing re-election to Westminster on a platform of outright opposition to

the Angio-Irish agreement.

The ples from the pulpit is red-blooded stuff, denouncing the "hell-deserving sinners" and the cannibalistic tendencies of "our ancient enemy, the Church of Rome." It calls on the Lord to do his stuff to uphold "the Protestant truth," the "great heritage of civil and religious liberty" which thrives in mid-Ulster; and demands that He "bless the candidates and give them a re-sounding vote against this iniqui-tors agreement."

Mr James Molyneaux, the mild-mannered leader of the Official Unionists (OUP), who has been givon a place on the platform to de-monstrate the unity between his party and Mr Paisley's DUP, finds this warm-up act by an unknown preacher in the audience hard to follow.

A gentle, self-deprecating joke is definitely a false start, but the audience starts to perk up when be de-clares resoundingly: "Man can be reconciled to God. Man cannot be reconciled to man." He gets his

jecting the "monstrous slanders and lies" that have suggested that Mr McCrea is next. He receives a the once-rival DUP and OUP are rapturous reception from an the once-rival DUP and OUP are Orange Hall audience rising, al- not now one happy family. Why, to show what a happy family they are, he indulges in a little ribald teasing. The campaigning is giving them so much heart, he says, the iresh midmost as one, to its feet.

I am the sole exception, still scribbling furiously and displaying the same impartiality as I do during Mrs Margaret Thatcher's standing ovations or Mr Neil Kinnock's rarer

In England I am likely to remain unnoticed or, at most, collect a few frosty looks. But this is Northern Ireland

A man strides over from across the aisle: "May I ask you why you're not on your feet?" I show him my press card - "I'm press," but he is not moved: "May I ask you to leave!" I reply: "You may ask, but I'm not leaving."

Meanwhile Mr McCrea is getting into his stride. "One Protestant is worth 10 Republicans any day," he cries. "Thank God we have faith,

Englishman knows nothing about."

He begins a sort of chant about.

He begins a sort of chant about.

"16 years of murder, 16 years of surrow, 15 years of butchery by a bloodthirsty Republican enemy."

He reminds his avid listeners of "the joy in people's hearts after the said to him: Jim, that's not a man's speak to Mr Paisley and Mr Molyshit that's not a man's near in the Members' Lobby at hearts were interested from the national anthem. (set up by the 1973 Sunningdale then Jim Molyneaux put the hat on agreement, brought down by the 1974 loyalist workers' strike).

"We gave in too soon," he cries.

BY MARGARET VAN HATTEM

Mr Paisley moves on to more serious stuff. This treacherous agreement between the British and Irish governments, he says, this "document of destruction" which destroys all the things our forefathers have fought and died for" is not tha law of the land.

"The Queen, God bless her, has not signed it and we do not have to obey it whether Maggie Thatcher likes it or not. It's only a resolution of Parliament – it's not the law."

A vote for a Unionist candidate is not a vote for a politician, or a political party, or a political faction, he says. "It's a vote for your country, for your harites." for your heritage. If we are sold into slavery, we will have lost our heri-

Again there is a rapturous standing ovation. Again I am jostled and ordered to stand or to leave, both by the moustached man across the aisle and by a tall youth in the row in front. "I'm press," I say. This is

and with His blessing and with His obviously irrelevant. Now Mr McCrea is coming for ward again with his accordion. He is a popular gospel singer with a fine Country-and-Western voice and suddenly everyone is seated again as he plays a few chords and launches into the Orangemen's song The Sash My Father Wore. They all join in, stamping their feet

and clapping in time. Then it's There'll Always he an Ulster, sung like a slow hymn, to the tune of There'll Always be an England, just the last four lines. It is becoming the anthem of McCrea'a campaign. Everyone stands solemnly, except me.

Suddenly there is a terrific jolt, a sound of splintering wood and I find myself a few feet away on the floor. There is a murmur of approval and someona behind me growls: "On your feet," and directs a few well-aimed kicks where they are likely to be most effective. I cross my legs and sit tight on the floor while the speakers on the platform sing on imperturbably "... as Ulster maans

lessly. Why, I remember when Lord Brookeborough came to North Next it is to be the national an-Antrim, the fresh air did so much them. I remain where I am, wonder for his virility, he got married a secing how on earth I am to get out of this, when Mr Paisley comes to my ond time. And I tell you what Jim, if you do get married, I'll perform the rescue. "I see a woman who will not ceremony – free! The audience sniggers delightedly and Mr Moly-neaux grins unhappily. But Mr Paisley has not finished. stand for the national anthem," he bellows. "Will you kindly leave the

Drawing myself up to my full 5ft 2in, I sweep out of the hall as Mr "And there's Jim Kilfedder," he says. You should all see the picture Paisley glares at ma from the platthe faith that has seen us through that was taken of me and Mr. Mole form and the audience boos, hisses in the past Thank God we have denemia and Mr. Kilfedder earlier to and jeers. I had noticed there was termination, determination that the .. day." [Mr Kilfedder, Speaker (chair- a Fenian in our midst," Mr McCrea

hat - that's your sister's hat.' And meaux in the Members' Lobby at Westminster, I know them to be and had his picture taken wearing prudent, discreet men and am grateful for their prudent discreet grateful for their prudent, discreet rescue. All the same, I will take no By now the audience is helpless more chances. Can someone please "We could have had Stormont (UI- with laughter and Mr Molyneaux is send me the words of The Sash My

Boycott by Ulster MPs hinted

FINANCIAL TIMES REPORTERS

ULSTER Unionist leaders hinted yesterday that their MPs might withdraw from Parliament if the Anglo-Irish agreement falled to

bring results. In tomorrow's by-elections for the 15 seats vacated by the Unionist MPs in protest at the agreement, the Unionists are cking at least 500,000 votes to trate the level of opposi

fore the poll, the Rev Ian Paisley and Mr James Molyneaux, the leaders of the two main Unionist parties, rainsed to spell out their strategy after the by-elections. When asked, however, if they might adopt an abstentionist polent refused to heed opthere would be "no place for self-

respecting MPs at Westminster." Mr Molyneaux said that no le-

A letter calling on Ulster peo-ple to consider the benefits of the agreement was published yester-

industry, the churches, educa-

The letter reflects mong many moderates about acceptance in the province that give strong support to the Union-ists in tomorrow's elections.

A recent opinion poll carried out in the province for the BBC

showed 83 per cent of Official Unionist supporters and 93 per cent of Democratic Unionist sup-





Wanted.

Outspoken 21 year-olds ready to tell British Industry where to go.

The Confederation of British Industry (CBI) is looking for twenty-one 21 year-olds with a strong point of view on how to put the UK back on track to the top.

As part of Industry Year and to mark its own 21st anniversary in 1986, the CBI is running a competition with prizes totalling more than £15,000.

In its first 21 years, the CBI has been dedicated to creating a climate of opinion in which companies can operate efficiently and profitably for the benefit of all.

Industry Year is also aimed at encouraging a better understanding of industry's role in providing the goods and services people need and want; and creating the wealth on which all else — health, education, pensions and social care for example — depends.

But words are not enough. That's why the Government, the TUC, the CBI and many other bodies are joining forces for the Year, which will be successful only if it produces actions and deeds.

And much needs to be done.

The UK is an industrial country with an anti-industrial culture. Too many people regard trade as a dirty word. For the first time since the Industrial Revolution we have ceased to be a net exporter of manufactured goods and have become a net importer. We lead the world in many new areas of research. But we're not so hot at making or marketing our ideas.

Yet we have not lost our powers of invention. Just one college in Cambridge has produced more Nobel prize winners in science than the entire nation of Japan. But we do not always follow through effectively. Moreover, the symptoms of class warfare, snobbery in education, even fear of risk, conspire to undermine this natural inventiveness.

Attitudes ARE changing at places like universities but are

they changing fast enough? Our best companies ARE the best in the world — it is our average performance we need to improve.

So, there's the problem. How would you solve it? If you will be 21 during 1986, start by telling British industry where to go innot more than 1,000 words.

A panel of judges, all distinguished CBI members, will be looking for viable, well-rounded arguments, but remember, it is a plan of action not a thesis that is needed.

The entries will be judged initially on a regional basis with 21 prizes of £500 to be won. The 21 finalists will then spend time with one of the major companies — all members of the CBI — sponsoring this initiative. After this, they will prepare a more detailed paper developing their ideas which could receive national publication.

The overall winner will receive a prize of £5,000 which could be used to get experience abroad or help develop his or her own business.

A detailed leaflet/entry form — "Tell British Industry Where To Go"— is available over the counter at branches of Lloyds Bank and TSB Scotland, from any CBI regional office or by writing to the CBI at the address below, enclosing an S.A.E.

British Industry is determined that the next generation of management and skills should see the UK creating a better quality of life for all. To do that, it needs a fairer share of the nation's talent — people who will be leading the UK in the 21st century.

If you're 21 during Industry Year, entering this competition will help in this aim. More importantly, you will be taking a hand in your own future.

Whether you want to grow up in a vibrant, expanding country or be a curator in the world's largest industrial museum is very largely up to you.

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Television/Christopher Dunkley

Moving pictures speak much more than volumes

Michael Heseltine, Westland Helicopters and Leon Brittan mention them in the past week (bardly) but because there are more interesting matters to discuss. Every few years some-

more intaresting matters to discuss. Every few years some-body in America writes a hook offering an apocalyptic view of television. In 1980 it was Jerry Mander and the book, which was nearly as silly as the author's name, was called Four Arguments For The Elimination Of Television.

This time the author is Nell Postman, the book is called "Amusing Ourselves To Death," and it is a far more intelligent and interesting work. Yet in the end, for all its illuminating references to Aldous Huxley and Marshall McLuhan, and despite the author's desire to avoid "the possibility that my analysis will be interpreted as standard-brand academic whimpering, a kind of elitist complaint against 'junk' on television "it does seem to bamaking the same old complaint: television isn't literature, nor priot of any sort—in the American language used by Postman, it is not "typographic culture." Consequently it is inferior.

inferior.

Nor is it just a little inferior, but catastrophically so. We are witnessing a "descent into a vast triviality" and "the content of much of our public discourse has become dangerous nonseose." Time was, says Postmen, when "even in the columns of the newspaper giants—the Herald Tribune, the Times—prose thrilled with the Times—prose thrilled with a vibrancy and intensity that delighted ear and eye."

Then came the electronic mass media with a language which "denied intercoonectedness, proceeded without context, argued the irrelevance of history, explained nothing, and offered fascination in place of complexity and coherence."

grammes in which man's greatest single communications tool—the word—suffers. For example on Thursday Wynne copy and the opportunity to Godley talked for half an hour in Channel 4's Opinion series about the shrinking of Britain's asked Sir Lawrence to use Burstall mixed through from whose success in the results ground to a modern playground system which relies almost excene in such a way that the transformation took the viewer unawares. The result was postman waxes lyrical about dramatic: in nne fell swoop you the joy of print; witness the



Sharon Parker and Shirley Parker in "The Silent Twins"

manufacturing base, and the longer I watched the more I wished I was reading his text for myself. Poorly served by a programme which froze him in medium close-up thronghout. Godley exacerbated matters by narrowing his eyes, lowering his eyebrows to peer at the autocue, end then leaning forward threateningly as though about to climb down the lens into my sitting room. Any normal viewer's concentration on the words would have been dis-

the words would have been distracted by the pictures.

Mncb the same occurred on Friday in the opening episode of BBC2's series Three Painters in which Sir Lawrence Gowing offered fascination in place of complexity and coherence."
Postman has a great deal more to add, much of it lucid, sane and properly cautionary. Bot I think it is fair to say that this assertion is at the core of his book. The question is, how does that argument stand up against a week's concentrated viewing?

There certainly are programmes in which man's greatest single communications tool—the word—suffers. For example on Thursday Wynne Godley talked for half an hour in Channel 4's Opinion series

in which Sir Lawrence Gowing talked ebout Pieter Breughei. It was not an much the content which was questionable (though the claim that "Nobody had ever painted weather as he did" seems odd when you consider the Grimani Breviary and many 15th cectury hooks of hours) hut the style and phraseology. If people are so "He was intimating what was otherwise unavoweble...." I would prefer to have a written copy and the opportunity to re-read. Alternatively, producer christopher Burstall might have

slightly more idiomatic speech: appraciated not only Breughel's extraordinarily accurate eye for detail, but also the astonishing in triviality? Do my criticisms of these programmes merely bear out Postman's worst fears? could read the Opies for an Surely not. You could find entire afternoon without coming parallels to the visual distrac-

tions in Wyme Godley's presen-tation in many live lectures: professors with nervous tics frequently destroy the concen-tration of their listeners. Such tration of their listeners. Such distractions are not the fault of the speaker. The most remarkabla fact about Godley's thesis is that it was transmitted at 8.00 in the evening, bang in the middle of peak viewing hours, by our most popular medium. How many of these who saw it would ever those who saw it would ever have come across it if it had merely been published in an economics journal? As for Three Painters, what-

aver the faults of the script we did, of course, benefit from television's very special techniques. One small detail will have to serve as illustratioo; Burstall mixed through from

passage above about prose thrilling with vibrancy and intensity. It is true, obviously, that a

ongevity — timelessness almost
— of playground games. You
could read the Opies for an
entire afternoon without coming
across a aingle piece of evidence
as vivid as that mix.

When yoo spot that sort of television programme is not a book. Bot nor is a book a television programme. If we mova to Saturday and the Arena special on BBC2, Tango Mio, we find a piece of work conveying what no book could hope to When yoo spot that sort of telling detail on television (and in one week there are many) after reading Postman's strictures about television denying lotercoonectedness, proceeding without context, arguing the irrelevance of history and explaining nothing, you do start to wonder whether he ever watches anything except Dallas. His hook argues that television's teodency to trivialise comes not simply from the domination of the ratings but from an inherent inferiority in the medium. convey. There was much wrong with this 90-minnte programme: it would have been strength-ened by a reduction of anything np to two-thirds and by the insertion of a few sequences not tainted hy irritatingly studied melancholia. But despite its shortcomings—or loogcomings—its combination of music, interview and dance communi-cated far more about the signiinferiority in the medium. ficance of the tango in urban It is an accusation we have been hearing from teachers ever since television first appeared and Postman, predictably, is a university teacher. Like so many people whose success in life results from excelling in an academic system which relies almost access. Argentina than any printed document could.

Moving on again to Sunday, and BBC2's "Screen Two" production The Silent Twins, a dramatised account of the bizatre life of two girls who are now in Broadmoor, we find a whole range of devices which are denied to print. Music, for instance, was used in a tellingly To be published in Bri repetitive manner, and the single shot of the silent twins February 10 at £9.95.

legs in unison "like Tiller girls," during an attempted therapy session, spoke volumes. Similarly in Channel 4's Chasing A Rainbow, a profile of the black Folies Bergère star Josephine Baker, we find a combination of materials (archive film, still photographs, posters and other printed ephemera) and of techniques (voice-over, original sound recordings, interviews to camera) woven with great expectise into an item which not only conveyed to the onlooker a more rounded underontoker's more rounded under standing of its subject than any book ever could, but included certain phenomena which are simply outside the scope of print: the timbre of Baker's voice, her stage sense and com-mand of rhythm and the quality of affection among those who

knew her. It would be interesting to have Postman watch this programme and then try to sustain his argument about television's inherent inferiority. And if he dismissed Chosing A Rainbow with his claim about television with his claim about television reducing all subjects to entertainment, then perhaps he could he shown another work by the same programme maker. Christopher Ralling: The Voyage Of Charles Darwin. That six-part series probably cooveyed a greater understanding of Darwinian theory to a larger number of people than all the printed matter on the subject has ever achieved. The BBC2 Far From Para-

The BBC's Far From Paradise (episode 2 tomorrow) is only the most recent in a steady flow of television series about the growing perils to spaceship earth—over-populetion, nuclear accident, deforestation—which I suspect bave led directly to the formation of "greeo" parties in several countries. Rachel Carson's book Silent Spring may have risted the meanment by have started the movement but television has susteined it.

Of course television is different from print, and of course Postman is right in echoing McLuhan and saying that the nature of the medium nas a powerful influence upon the type and even the content of the message conveyed. But it is crucial, thank goodness, to remember that wheo he says "television" he means American television. So far we bave managed to avoid going down the worst stretches of the American road.

* To be published in Britain

Philharmonia/Festival Hall

Andrew Clements

ness a few days ago. With great good fortune the Philharmonia was able to persuade Eugen Jochum, now in his 84th year, to take over the concert instead.

to take over the concert instead, giving the occasion a genuine resonance: the orchestra with which Furtwängler made his final British appearances conducted by a colleague and close friend, who gained his first permanent post (as principal conductor in Mannheim in 1929) at Furtwängler's suggestion.

The tradition that Jochum oow represents almost alone is the tradition that poduced hoth Klemperer and Furtwängler, in sensibility he seems to me to stand almost exactly half-way between them. Mozart's Jupiter Symphony and Beethoven's Seventh made up his programme with the Philharmoula, both grandly conceived accounts, yet consistently bnoyant and flexible. If the Jupiter was geniel rather than Jupiter was geniel rather than

klemperer last year, Furtwängler this; tha Philharmonia
got the celebrations for the
centenary undarway on Monday
in the Festival Hall. The programme was to have been conducted by Lorin Maazel, hut
be dropped out because of illness a few days ago. With great

That almost paradoxical com-hination of textural warmth and transparency was characteristic also of the Beethoven: e first movement that gathered itself splendidly and discharged its accumulated tension with con-trolled exuberance, an Alle-gretto that contrasted extremes of dynamic and the most refined string polyphony. Accounts of the Seventh that eschew fast tempos often begin to sag when the finale is io sight; Jochum almost entirely avoided that. The last movement can take The last movement can take a greater input of nervous energy, but not if it is to sustain such masssive strength with conviction and effectiveness. The Philharmonia responded to Jochum's economical gestures with commitment end senerality for once a progenerosity; for once a pro-gramme alteration prodigiously exceeded expectations rather than confounded them.

Manon/Covent Garden

Clement Crisp

From the moment Antoioette Sibley stepped from the coach a group of admiring men, were in the first act of Monon oo Monday, it was quite clear that true. And at every moment—from the first eppearance of the acemingly innocent girl, to danced for a decade—as her own. She found in this first scene, as she did throughout the ballet, Anthony Dowell as ner partner, her beloved, and effortlessly right complement. She found, too, as her olter ego. Stephen Jefferies' Lescaut—and never hefore has Mias Sibley so stressed the emotional kinship between brother and sister. From the moment Antoioette she is beld and passed emong so stressed the emotional kin-ship betweeo brother and sister, were exactly mirrored in the Best of all, she found her finest dance, qualities, in this splendid Her partnership with maturity of her art, at their expressiva and technical peak. The reedings from all three artists fired the ballet with

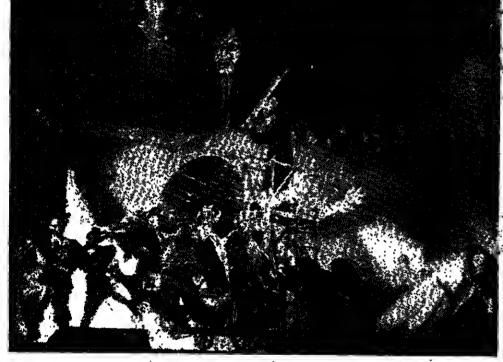
magnificent passion, but it was Miss Sibley's evening. We had not seen a performance so musically feet, so sensuously responsive to the score, since she last danced Manon.

Time and again she shaped a dance phrase so that it flowered with the music, fed from it, took its life from it. Her sense of the physical pulse Her sense of the physical pulse of the choreography; the way she turned her torso when she was lifted to fill the outline of the movement, marking an accent or stressing a gesture in perfect harmony with Massenet's Juscious melodies, spoke of highest skill.

—they speak the same language —but ber new collaboration with Stephen Jefferies' dark-tempered Lescaut marks an intensification of this Manon's character, in that Miss Sibley now shows her taking more emotional colour from him. We were seeing, I would venture, Miss Sibley mistress of the role as never before, and we must be grateful.

From the supporting com-pany, serious, well-rounded performances, with an especial commendation for Flona commendation for Fiona Chadwick as Lescaut's mistress, the movement, marking an accent or stressing a gesture in perfect harmony with Massenet's Inscious melodies, spoke of highest skill.

The second act solo, and the sounded very well under Barry wordsworth.



Alastair Mule Scene from "Turandot" revived at Covent Garden last night

Sting/Albert Hall

Antony Thorncroft

I always found the Police a rather turgid hand, inhibited hy the fact that the trio was huilt around Sting and his bass, not the most dynamic combination. Perhaps Sting combination. Perhaps Sting then drummer Omar Hakin is unobtrusively powerful while the same for he is now the same for he is now an keyboards.

It sound emotional, white satisfying results.

To start the encores Sting came hack alone for "Roxanne" and all the old Police hits.

Even here, with the more imaginative and forceful hacking, old songs revealed new the same specially "I'll be

For over two continuous hours the quintet roars through music which combing. The transformation is remarkable — out with the plod and in with the pizzazz. From the very first note of his Albert the melodic artfulness of pop with the challenging thrust of the very first note of his Albert the crowd was on its feet jazz. The crowd was on its feet Hall concert on Monday the audience was taken on an exciting journey which, while not breaking new musical within minutes and Sting pro-vided the material, and the stage dominance, to steadily intensify the stimulation. Even the slower songs, like "The children's crusade," are done ground, revealed just how powerful and varied jazz funk can be. Some of the sores boogied along for fifteen minutes with no jot of tedium, and the unusual balance of instruments added a freshness at full throttle and there are singalongs, like "One world's enough for all of us" to make the audience feel needed. There was the odd unnecessary rare in performances by manifestation — dry ice cover-ing up Hakim on his long solo, Sting concentrates on singing and is currently in sweet voice. and a vast screen behind the

pleasures, especially "I'll be watching you." Sting looked relaxed about it all: he actually justified bis reputation. As he quietly and soulfully sang "I bope the Russians love their children, too" the universal preoccupation with pop music, and pop musicians, seemed almost justifiable.

Residency for playwright

Playwright Elisabeth Bond, author of the film The Assam Gorden, has been appointed resident dramatist at the Duke's and is currently in sweet voice. band which stayed obstinately Playhouse, Lancaster, and Dominating on bass is Darryl unused, but for once a pop awarded an Arts Council grant Jones, who can actually make atar bas changed up to a more of £2,125.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatra/ Wednesday: Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

superstars.

Jan 17-23

Theatre

LONDON

The Scarlet Pimpernel (Her Mn-jesty's): Donald Sinden in respien-dent plummy-voiced form as Barron-ess Orczy's one-man resistance movement to the French Revolu-tion. Opera director Nicholas Hyt-ner's efficient and sparkish produc-tion has smoke, tumbrils, rat stew tion has smoke tumbrils, rat stew and rolling heads. (9304025).

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now ture where Acsaund (Juliet Steven-son) has the sisterly devotion of Cel-ia (Fiona Shaw) threatened by Or-lando (Hilton McRae). A superb Jacques from Alan Rickman. The Pacques from Anan reckman. Inc.

RSC Barbican repertoire also includes a fine Othello with Ben

Kingsley and, in The Pit, Christopher Hamptoo's absolutely breath
inking, unmissable version of Les taking, unmissable version of I Liaisons Dangereuses (628 8795).

The Cherry Orchard (Cottesloe): Wonderful NT production by Mike Al-freds includes the scene Stanislay Crawford returns to London with sky cut. lan McKellen as Lophakin, Sbeija Hancock as Ranevskaya, Hugh Lloyd as Firs, Edward Petherbridge as Gayev. Roy Kinnear as Simeonov-Pischik, Eleanor Bron as Vorya. Sheer bliss and very funny.

Noises OH (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-

more's brilliant direction of backstage shenanigans on tour with a third-rate farce is o key factor.

influences. Pastiche score node towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for Now York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has been rapturously received. (336 8108).

Me and My Gtrl (Adelphi); Sleak, effi-cient and enjoyable revival of Brit-ain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Craw-ford (838 7811).

his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable me-ringue of a musical. (834 1317, credit cards 828 4735).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward

Fox in the shadow of a summit be-tween The Soviet Union and Brit-ain. Fluent direction by Peter Yates of the West End's best new play of the year. (7341166).

Leanon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable espe-cially for the musical resourceful-ness of the cast and Mark McGann's

Are You Louesome Tonight? (Phoe-nix): More musical hagiography with Alan Bleasdale's Elvis Presley-show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flasby. King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists.

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man Dav-id Hersey, Cohn Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (4376834)

amille (Comedy): Pam Gems's re-write gives Marguerite Gautier e child for whose future security she exchanges her own frail bealth and love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to

watch. More coughing on stage than in the stalls, for a change. (930 2578).

American jazz musicians.

Pravda (Clivier): Entertaining epic new play by David Here and How-ard Brentoa for the National Thea-tre in which an unscripulous South African magnate acquires Britain's most prestigious newspaper. A Jon-sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well smg black Sky Masterson of Clarke Peters, Richard Eyre's production and John Gunter's affectionably lavish designs complement this most joyful and literate of musicals, a fitting tribute to the re-cently deceased co-librettist Abe Burrows (9308681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exosing Fierstein's tackily uneven writing: (638 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film following in My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocella Harbart docium. (437 3886). lyn Herbert designs. (437 3686).

NEW YORK

As is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease af-fects and focuses effectively on the victim and his protective lover, but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 8200).

La Cage aux Folles (Palace): With some tuneful Jerry Berman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilar-ious original between high-kicking

I'm Not Happapert (Booth): In moving to Broadway, Herb Gardner's touch-ing, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 8200).

Big River (O'Neill): Roger Miller's mu-sic rescues this sedentary version of Huck Fino's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Cats (Winter Garden): Still e sellout, Trevor Num's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic naly in the sense of a rather staid

and overblown idea of theatricality.

42nd Street (Majestic): An immodest celebration of the heyday of Broad-way in the 70s incorporates gems from the original film like Shuffle Off To Boffalo with the appropri-ately brash and leggy hoofing by a large chorus line. (977 9020).

Briginon Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish house-hold where young Eugene fails awk-wardly in love with his cousin. (321 1211).

A Charus Line (Shubert): The longest a Charms Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as audi-tions rather than emotions. (239 6200).

WASHINGTON

In Regard of Flight (Kreeger): Bill ir-win's theatrical spoof shows off the mime's talent in confronting a man-

eating stage curtain and e disanpearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena

Restoration (Arena): Edward Bond's combination of contemporary poli-des and 18th-century high junx with music by Nick Bicat is directed by Sharon Ott of the Berkeley Rep.

Balls and Chains/Lyric Studio

Martin Hoyle

Studio.

Howard Lester and Andrew at last while Harry gelvanises

Alty are The Go-Go Boys, an bimself into going to find his engaging duo who are exploring Miriam.

Less obviously revue-inspired than its predecessor, the show that its predecessor is predecessor.

Studio.

Their last show charted the friendship between a conventional heterosexual and a cheerfully open-and-out homosexual, interspersed with revuetype sketches aimed at the self-deluding myths of masculinity.

Bulls and Chains keeps to the

the self-deluding myths of masculinity.

Balls and Chains keeps to the same sexual distribution. In a bome stripped of furniture, the pylama-clad Harry, lecturer in mass communications et a Midland college, lets himself silde into alovenliness. Glued to the talevision, he claims his wife is away temporarily; a patent lie.

His old friend Mark comes to stay. He fied from the church on his wedding day and spent years in the army to "cure" his homosexuality. The play shows both meo coming to terms with themselves, and (in the abrupt ending of a very short second half) Mark prepares to face his shamed family

1

Another twist to Riverside saga

developers which will et long last transform its attractive Thames-side site, bringing bomes, offices and an industrial unit, hut also opening up the studios towards the river, with restaurant and bars fronting e new riverside walk. The Studios will gain £350,000 to spend on the development, which it hopes to match with £350,000 from its own appeal.

The final confirmation of the Averside audiced production deal should improve Riverside's for some time. At long last the chances when Hammersmith Rivarside saga could be councillors meet in the next approaching a heppy ending. The final confirmation of the the arts in the borough. The Arts Council has offered

Riversida Studios, the Hammersmith arts centre which logits 10 year history has had more dramas about its financial survival than it has presented in its two performing spaces, is entering another vital week in a buoyant mood.

5500,000, to be split between Riverside, the Lyric theatra, and a few small arts bodies. In effect it is switching some of its aid from Riverside to the Lyric in the expectation that the council will be prepared to give the money it will save on the Lyric to Riverside. In all the studios waots approaching the studios waots approaching £500,000 in subsidy for 1986-87. It is ending this financial year with a turnover of £1m and a small surplus. It bes cut its staff from 60 to 38 and la trying to boost its income by lecting out its studios for rehearsal and TV programme making. It also hopes to return to manner. also hopes to return to mounting its own productions: next week the Beckett Trilogy, with Billie Whitelaw, opens, the first Riverside funded production

Antony Thorncroft

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Wednesday January 22 1986

On forgetting King Canute

a number of ways, on the other the Opec meeting of February hand, in which an uncomfortable situation can be made a tha impression of dithering good deal worse, both hy financabout this central choice. good deal worse, both hy financing unwelcome apeculation and hy political ditharing; these are being demonstrated in London. sympathy; it is always unrates et their present level has plaasant to be forced to make a provided cheap finance for Tha Government deserves some choice of evils, and especially so when those concerned are distracted with other matters. There is nothing at all to be said, however, for making no

The hackground is admittedly
a little puzzling to those who
believe that markets are
rational. Oil markets and interest rates are responding to two developments which ought not to have caused much sur-prise. Saudi Arahia has sharply raised its oil output, and the US Federal Reserve has declined to ease its already accommodative monetary policy any further. Since these policies were anneunced some time ago by two men who are widely regarded as heing as good as their word. Mr Paul Vokcker and Sheikh Yamani, they should have been discounted in the markets aridently they were markets; evidently they were

It is the developments in the oil market which pose a particu-lar problem for the UK. Ever since the Seudis announced that they were resigning from the role of swing producers to the world export market, the UK has been faced, as intended, with a choice; whiher to accept the collapse of the cartel, and adjust te a sharp consequent loss in export earnings and revenue. whether in effect to become an unofficial member of Opec.

Painful

The free market choice, which fits in with the Government's ideolegy, is nevertheless a painful one. The structural edjustment requires a fall in the real exchange rate, es indeed the Prime Minister acknowledged in a New Year interview, which implies someinterview, which implies somewhat higher inflation. Both the less ef revenue and the weakening of the oil current eccount argue against the tax cuts which are such e high political prierity; indeed, with a further rise in tha cost of debt service, already some f4on above the level efficially forecast two years ago, there the real adjustment imposed so fercefully, te jein the exchange rate arrangements of the European Monetary System, and leave sterling less exposed. It is those decisiens which will set the framework fer respensible fiscal and interest rate pelicies, and no amount efficiency will alter that.

peace process

WHEN a hear market develops in the highly liquid financial adjustment " even if oll and markets of today, there is very little the monetary authorities can do to check it. There are talks with the Saudis before a number of ways, on the other than the Opec meeting of February

Market management has also shown signs of apilit minds. Large-scala assistance to the money markets to hold interest speculation. Small-scale inter-vention in the exchange markets has wasted reserves to no purpose.

The resultant mess can enly leave still further doubt about what is left of the Governmen's monetary policy, once the central plank in Its economic platform. As usual in a crisis, all sorts of unsightly former are country from a to constitute the control of the fowls are coming home to roost.
Attempts in the distant past to Attempts in the distant past to manage interest rates through overfunding, and the bloated liquidity which has grown up since these attempts were abandoned last summer, have helped te make sterling more vulnerable; sterling M3. a target inve ted as a result of the 1976 sterling crisis. remains a useful indicator of exchange rate vulnerability, if exchange rate vulnerability, if of nothing else. The leisurely reconstruction of the meney markets—notably tha creation of a commercial paper market—should have been completed lengthers.

Danger signal

This morning the Govern-ment will probably have to take some decisions; the renewed slide in sterling in New York last night was a clear danger signal. The only shert-term decision which is likely to carry any cenviction is to leeve things genuinely to the market, neither assisting the money markets beyond the shortages created by official the exchange markets.

Once it has paid this belated tribute to the memory of King Canute, the Government can decide with slightly more time whether it has any policy about the price of eil and whether it is now ready, after the real adjustment imposed so fercefully, te jein the exchange rate arrangements of the European Monetary System and

In 1972, Polaroid launched the fruits of its labours, the highly

ODAK'S decision, announced yesteday, to re-enter the market for 35mm cameras which it shan-doned 15 years ag omarks an important shift of direction for the werld's largest photo-

graphic company.

The move also provides a welcome distraction for Kodak wetching instruction for Actian only days after being humiliatingly forced out of the \$1hn a year instant photographic husiness through losing a hitter 10-year-old patent dispute with its arch rival Polariod.

The Instant righture market

The Instant picture market, which eccounts for just 1 per cent of worldwide camera sales, has never been much more than a sideshow for Kodak in terms of its total revenues.
Yesterday's developments—
which included details of 11
new products aimed at heading
off Japanese competition fer its
highly profitable film and paper
justiness—are thus likely to be business-are thus likely to be

of much greater long-term significance in what looks lucreasingly like head to head hattle with Japan.

For the moment Kodak's main concern will be to count the cost of its domestic US courtroom defeat. Its exit from the instant picture business will more than likely result in e fourth quarter charge ef between \$500m and \$600m, not least hecause of its efforts to shore up its tarnished

reputation.

Kodak is offering the worldwide owners of the 25m to 29m of its now-obsolete instant picof its now-obsolete instant picture cameras generous exchange options. In the US, where 16.5m of the cameras have heen sold. failed to produce results and the patent suit became one of three alternatives. They can trade their cameras in for coupons worth \$50 each to buy other Kodak products. Swap their cameras for a Kodak disc upheld eight of the patents and state of the longest-running, and most celebrated in US legal history. Then last September—on Friday the 13th—a Boston judge upheld eight of the patents and safe in discount stores, or executed that Kodak had infringed seven of them. A mouth later camera and film priced at about \$45 in discount stores, or exchange them for one share in the company's stock which has heen hovering around the \$47 level in recent days.

The exchange offer inevitably sent shrewd photographers and small-time investors scrambling to the stores to pick up supplies while they last. According to Kodak—which is limiting the exchange offer te three cameras per household-some camera spaculators have been buying "two or three dozen units."
The court room victory, mean-

while, represents a real wind-fall fer Polaroid. "It has given Polaroid a whole new lease on life," says Ms Brende Lee Landry, a senior industry analyst with

Mergan Stanley.

Polaroid's founder and long-time mentor. Dr Edwin Land, invented the instant plcture husiness with the world's first instant camera in 1948, Over the next 30 years tha Massachusettsbased company came to demin-ate the new market as the snaphappy parents of today's geogration of hahy-boomers lapped up its offerings.

By the lete 1950s Dr Land was working on a new genera-tion of Pelaroid cameras, instant colour picture takers which would do away with the need te peel-apart the print from its chemical backing. Dr Land was particularly keen to produce this "litter-free" film after hearing that moose in Saskatchewan were being poisoned by the waste from Saskatchewan earlier models

Mr Peres and the turned to Kodak for technical help to make its new colour negatives—sharing some of its instant camera secrets in return.

To 1972 Polaroid launched the series many new camera types

AFTER THE POLAROID RULING

Kodak looks for a new exposure

By Paul Taylor, Terry Dodsworth and Elaine Williams

successful SX-70 camera. But the cosy relationship Pelaroid, which still obtains between Polaroid and Kodak about 90 per cent of its \$1.2bn fell apart in 1976 when Kodak in annual revenues from the launched its first instant picture instant photography business, camera hreaking Polaroid's have watched as interest in the monopoly. Dr Land, a man with market place has waned. reputation as a neartrustic for protecting Polareid's intel-timits in 1978, the market for lectual property, was outraged, instant cameras has slumped to Six days after Kouzkis entry, around 4.5m units last year. hit the store shelves. Polaroid Among reasons for this sharp filad a suit charging that it had reversal are simpler and stolen proprietary secrets obtained during the companies growth in fast sim developing years of co-operation and that waters growth which has cut Kodak had "reverse engineered" into the same in the store of co-operation and that waters growth which has cut Kodak had "reverse engineered" into the same in t ths compact SX-70 camera.
Among other things, Polaroid alleged that Kodak hsd infringed 10 of its 1,900 patents covering film and cameras. Kodak counter-sued claiming that Polaroid's designs were nothing more than new patents on old Kodak-patented pro-

معالية عن المن المنظمية في المنطق والمنطق والمنطق المنطقة عن المنطقة عن المنطقة عن المنطقة عن المنطقة عن المنطقة المنطقة عن ا

seven of them. A month later Judge Rya W. Zohel imposed the permanent injunction w took effect on January 9.

Polaroid's court-room victory won at a cost of \$10m in legal fees-has come at a crucial time fer the company and the instant

photography industry.

Kodak took an estimated
35 per cent of the market
following its entry in tha mid-1970s but had since seen its market share slip back to between 20 and 25 per cent. In the meantime, both Kodak and graphic products to industrial and professional users-has not

market place has waned.

After peaking at around 13m Polarold launched the instant movie camera amid much ballyhoo in 1978, about the same time that sales of VCRs were beginning to soar. The product, and Polaroid's \$650m investment in the project, was a resounding failure which eventually led to the ousting of Dr Land as chairman in 1980. Last May Dr Land sold his remaining stake in the company, which is now run by two of his Despite the steady erosion in the amateur instart picture market. Kodak's decision to quit for good will give Polaroid a financial shot in the arm. Not only should Polaroid be able to pick up sowns of Kodak's experience. pick up soma of Kodak's camera sales, but more importantly the company stands to gain on film sales. While margins on instant

In addition, Polaroid could rean substantial damages—estimated by Wall Street to range up to \$1bn—if Kodak's appeal against the recent patents ruling fails.

picture cameras are razor thin or non-existent, the margin on

instant film is a juicy 80 per

The financial boost comes at time when Polaroid needs all the help it can get to reverse its flagging fortunes. After peaking at \$85.2m in 1980. Polaroid's profits heve been in a rut. In 1984 they fell by 48 per cent to \$25.7m on sales which limped along. Polaroid's problem is that It

still remains essentially a ene-product company. Even its one hig success in diversification— marketing its instant phototaken it away from its tech-nolegical hese. Other attempts at diversification have proved to be embarrassing flops. Polarold launched the instant

which is now run by two of his proteges, chairman William J. McCune, aged 69, and Presi-dent Israel M Booth, aged 53. Polaroid's other attempts to broaden its product range in recent years have met with only mixed success for example an 9mm video camexample an 9mm video cam-corder made by Toshiba was test marketed early last year but quietly abandoned a few months later. Similarly in 1983, the company paid \$6m for a fibre-optics research and development company with one employee. The one employee, duhbed "the six million dollar man" by insiders quit a year

later complaining about Polaroid's bureaucracy. On the positive side, Wall Street analysts argue that the decline in the dollar should give Polarold a significant boost in current earnings and that windfall cash flowing from Kodak'a withdrawal from the instant picture market could help spur Polaroid'a latest ettempts to diversify into highquality video tape, computer floppy disc and electronic

imaging. Wall Street is also pinning

high hopes on e new line of Polaroid instant camera called the Series 7000 due to be rolled out this quartar, which the com-pany claims offer substantial improvements in optics and almost the same picture quality as 35mm cameras whose sales appear to be peaking.
Polaroid's new camera system could be crucial to the company

which has seen sales of its existing instant cameras plunge from a peak of 9.4m units in 1978 to around 3.4m last year. While some industry analysts believe the boom years of the amateur instant photography husiness are over, others suggest the new camera series could help lift amoual sales back up to as much as 7m units. For Kodak, whose profits picture has hardly been sparkpicture has hardly been spark-ling itself in recent years, the decision to quit the instant photography market will bring instant financial pain. Kodak has been forced to idle over \$200m of assets; several hun-dred out of the 700 employees engaged in the instant picture business are likely to lose their jobs.

Longer term the impact on Kodak may be less damaging than it looks at first glance Last year instant photographic products accounted for about \$175m or ebout 1.6 per cent of Kodak's worldwide revenues and, according to most Wall Street estimates, the business was barely profitable.

While Kodak would have undoubtedly liked to have retained its access to instant picture technology—particularly for use with the new generation of electronic imaging products —the company is now expected to set its sights on strengthen-

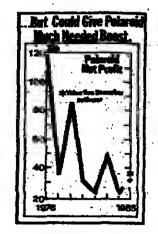
Yesterday's aunouncement of 11 new products—the largest number launched by the company at one time—refects Kodak'a attempts to boister its sales of amateur film products in the face of increasing pressure from competitors like Japan's Fuji Film which has made inroads into Kodak's highly profitable film and paper Kodak is trying to strengthen

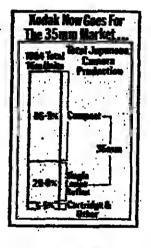
its position in the photographic market in three areas. It has entered tha large and still growing 35mm camera husiness after an absence of 15 years; it wil replace its main selling VR film range after enly three years with a high quality range; and it has moved into the so-called mini-labs market. Mini-labs are small, computer controlled complete film processing machines which have hecome popular in chemists and specialist photographic outlets for the fast turn-areund, high profit

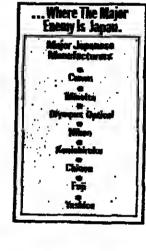
processing.
Mini-labs made, for example, by the French company, Kis, have encroached on Kodak's traditional large scale film processing business. By 1990s, nearly 25 per cent of all colour films will be processed this way compared with 10 per cent of the 34m pictures taken worldwide this year. The 35mm compact cameras—

which represents the spearhead of Kodak's strategy to win new husiness—will be mada by Chinon, a Japanese company with a competing range. Faced with the stranglehold of the Japanese, there are some strong doubts whether Kodak's re-emergence in the 35 mm market camera range, which starts at only £40 may instead damage its own growing disc camera market -a business it started only three years age.









JAPAN'S STRANGLEHOLD ON THE QUALITY MARKET

Japanese companies dominate the 35mm camera market which represents the bulk of the camera industry. Their success has rested largely en the compact 35mm, which accounts for about 70 per cent of the 15m units they turned out in 1985. It is sophisticated but :7 mple to use: and made in large volumes on highly automated production

These carraras have been sent a compromise between the top-of-the-range 35mm cameras known as single lens reflex—which are difficult to use and expensive, but give good pictures-and the low-: simple-to-use models

eered many new camera types with the introduction of the

126 instamatic cameras in 1963, the 110 cartridge cameras in 1974 and the disc camera in 1982.

The disc camera has been adopted by almost every camera maker—so far more than 20m have been sold by manufacturers worldwide. Each Kodak innovation has become a market sector in its

time, hat ell except the newer Only 5 per cent of Japan's production tomes from the 110s, the 126 and the disc camera. The Japanese have not

always had a smooth ride in the 25min market. Only in the past year, for example, has the top end of the 35mm single iens reflex market started to improve after several years in decline. 1983 and 1984 from 7m to 6m cameras.

This slump at the top SLR end was arrested by a num-her of technical innovations

which have made these sophisticated cameras easier to use and more attractive to the less skilled photo-graphers. Demand for the very top models, costing more than £200 apiece, has increased. Minolta has led in sales of these cameras though Nikon, Olympus and Canon are strong competitors.

This month, Canon launched its new T90 camera a £400 model designed to compete with Minolta's flag-ship product, the X700, which year. The T90 is so soutdisticated that it can even be linked te computer.

Japanese companies believe that they can maintain interest in the 35mm market technical innovations which will woo users of the simpler models to invest in a camera which can produce better

Men and Matters

likely to fevour rather more

European competition.

Ye Olde Goldman

Hash hrowns at 7.45 am and corresses that, during mondays
ceremony, she had been particularly impressed by a phrase
need by Pierre Mauroy, mayor
of Lille and former socialist
Prime Minister, during his
speech.

Referring to the on-off saga
Mile — to be precise, at Ya
Clide forder was a finite or to be precise, at Ya
Clide forder was a finite or the second saga. Olde Londen tavern on Ludgate

> house and once distinctly down at heel, had the good fortuna to be located in the office block on the corner of Old Bailey now occupied by Goldman' Sachs. Scruffiness and Ameri-can investment hanking do not mix and the tavern has been totally refurbished to provide the sort of environment in which clean-cut executives can relax.

stained glass, quaint lighting and rather gandy Chesterfield style settees. books, which includes bound is taking over at the end of May editions of the Speciator going from another long-serving comback to the aarly 19th century plany man, Sir James Cleminson and more recent comic annuals. Sir Micheel's father,

deal in round numbers and at claims it was



"You look very nice dear-probably make paga three of Janes Defence Weekly'

Goldman's the beer sells for a pound a pint. Strange to say, there does not appear to be much demand for fancy American can cocktails—Scotch hitter contracts seem to dominate trading on the floor of the

ticals company, Reckitt and Col-man, which has always prided itself upon its home-grown next chairman.
Sir Michael Colman, aged 57,

and more recent comic annuals. Sir Micheel's father, the tavern boasts a "Mews Gar- Jeremiah Colman, was a viceden," the ambienca of which is chaliman of the company in the enly slightly impaired by the building's aluminium flying —sterted working for the computresses.

Investment bankers like to the board in 1970, Modestly, he

management style of the other hranch of the family businessthe Reckitts—that most in-finenced him during his career May will be a milestone of a menth for Sir James Cleminson. He will be giving no the chair-manship of Reckitt and Colman—he is 65 in August, and retir-—he is 65 in August, and retiring from his two-year presidency of the Confederation of
British Industry, during which
he has played a hig part in
raising the profile of tha industrialists' lohby. And in July he
will be taking up a new challenge as chairman of the British
Overseas Trade Board. Overseas Trade Board.

Succeeding the redoubtable Lord Jellicoe at the BOTB will not be an assy task. But Cleminson, a Yorkshireman leng since wedded to country pur-suits in the quiet acres of Norfolk, points out that he has spent a large part of his life drum-ming up business for Reckitt and Colman in overseas

BOTB is a semi-governmental body, under the wing of the Department of Trade and Industry, to promote exports. As Reckitt and Colman consistently sells 80 per cent of its products outside Britain, Cleminson seems an appropriate man for the joh.

This year, next year...

John MacGregor, Chief Secre-tary to the Treasury, atrayed from his usual public spending patch yesterday to give West Midland's husinessmen a general pep talk on the state of tha econemy.

Tronhle was, ha appeared to trespass into the Chancellor's secret Budget territory—the Treasury's economic forecast for 1987. Inflatien and economic growth would he within one point of each ether next year for the first time since the late 1960s, MacGregor sald in his prepared speech. Embarrassed Treasury offi

cials hastily explained that when the Chief Secretary talks about next year, he really

PACE I FUDING PATES

	· mar relability	
	ABN Bank 121% = H	lambros Bank 1219
		leritable & Gen. Trust 1219
	Allied Irish Bank 121% H	fill Samnel
		Hoare & Co 1219
		longkong & Shanghai 1219
		ohnson Matthey Bkrs. 1219
	Associates Cap. Corp 121% K	nowsley & Co. Ltd 13 9
		loyds Bank 1219
		dward Manson & Co. 1319
	Bank Leumi (UK) 121% M	leghraj & Sons Ltd 1219
		idland Bank 1219
		organ Grenfell 1219
		ount Credit Corp. Ltd. 1219
	Bank of India 121% No	ational Bk. of Kuwait 1219
	Bank of Scotland 121% N	ational Girobank 121%
	Banque Belge Ltd 121% No	ational Westminster 1219
	Barclays Bank 121% No	orthern Bank Ltd 1219
	Beneficial Trust Ltd 131% No	orwich Gen. Trust 1219
	Brit. Bank of Mid. East 121% Pe	cople's Trust 1319
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	CL Bank Nederland 121% Pr	rovincial Trust Ltd 131%
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-	Charterhouse Japhet 121% Ro	oyal Trust Co.Canada 121%
	Citibank NA 121% St	andard Chartered 121%
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	City Merchant Bank 121% Tr	ustee Savings Bank 121%
	Clydesdale Bank 121% Un	ited Bank of Kuwait 121%
	C. E. Coates & Co. Ltd. 13 % Un	ited Mizrahi Bank 12; 9,
	Comm. Bk. N. East 121% We	estpac Banking Corp. 121%
	Consolidated Credits 121% Wi	hiteaway Laidlaw 13 %
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	The Cyprus Popular Bk. 121%	mbers of the Accepting Houses minimal
	Duncan 1249	
	E. T. Trust 13 % * 7-d	ay deposits 8.70%. 1-month

when £10,000+ remains deposited.

It is net a prospect which plasses in London, Washington or any Arah capital which espouses a negotiated settlement te the Palestinian issue.

Mr Shamir voted against the know this was his intention peace treaty with Egypt, is should be eventually secure e opposed to any territorial workabla majority in the compromise on the West Bank Knesset. and believes Israel should due to hand over the premier-

THE ARRIVAL in London last night of Mr Shimon Peres, Israel's Prime Minister, should mark the heginning of a more productive era in relations between Israel and the UK. The last official visit by an Israeli Premier te Britain—that of Mr Menahem Begin at the end of 1977—heralded e period which, despite the peace cordial, sometimes very friendly, relations with virtually all the period which, despite the peace cordial, sometimes very friendly, treaty with Egypt, was cheracterised by increasing ceelness.

The 1982 Israell invasion of Lebanon, tha siege of Beirut, of the Conservative Friends of and the killing of hundreds of Palestinian civilians by Israel's Christian allies at the refugee camps of Sahra and Chatilla, were events which sat uneasily alongsida the more traditional people. She is also thought to after her trip last autumn to Egypt and Jordan of the need to satisfy at least some of the aspirations of the Palestinian people. She is also thought to have greater influence on President Reagan than any other western leader. alongsida the more traditional British view of Israel as a democratic nation genuinely seeking to live in peace with western leader.

Atmosphere

Mr Peres has in part succeeded in redressing the balance. He has withdrawn most Britain and Israel differ. quite sharply on occasions, about the best path to negotiations and indeed on the eventual shape of a settlement. But what should naver be discounted, given the bitterness and hostility that exist in the Middle East, is the extent to which quite small gestures can help to create a new has made serious efforts to repair the rift in relatious with Egypt, and appears anxious to establish a dialogue with King Hussein of Jordan on the future of the West Bank and Gaza. help to create a new

This has been achieved Israel's continued building of against the background of very serious economic difficulties and Gaza and the attenuation and Gaza and the attempted insertion of Jewish communities into predominantly Arah towns. It generates fierce opposition in the occupied territories and lends weight m those Arah states which argue those Arah states which argue that Israel is committed to a policy of creeping annexation.

The fragility of the Israell coalition may prevent Mr Peres from freezing new settlement plans, but it would be reassuring for Israel's friends and the West's Arah alies to know this was his intention

At a time when King Hussein'a peace efforts are faltering end terrorism threaconciliatory gesture would he ship, it is importent for Mr welcome. A peace process, Peres te develep further the whatever its flaws, must always alternative view of Israel's be preferable to the alter-future in the Middle East native.

Mrs Thatcher's friendly relatienship with the socialist President Mitterrand of France, is, perhaps, one of the mere un-expected achievements of her years in Downing Street.

she finds him.

"You can talk to him about all sorts of things which have nothing to de with politics." she says. "We have very interesting conversations about history and literature." (She does not say whether they chat in English, French or Francisci, glais).

Whose phrase was that, Mrs T asked him afterwards. "I

European links

58, was Britain's permanent representative to the EEC where he developed a great admiration for the efforts of Viscount Etienne Davignon, then commissioner for industry. to forge e European answer te growing US and Japanese technological domination.

ferceful government interven-tion on this front than his instructions from London, in the past, would permit. "We have to create a climate in which the Governments of the Community create real incentives munity create real incentives for companies to co-operate in developing information technology," he says.

Among other things, Butler fevours a "self-denying ordinance" which would stop the incentives for Japanese and

American companies to set un plants designed to knock out

The pub, a William Younger

The ersatz charms include Besides an odd collection of the group's directer of finance,

butresses.

Mustard men The food, drink and pharmaceu

management talent, is turning to a genuine Colman to be its

Observer

Can Cay Ced CH Citi City Clyd C E Com Cons The Dune First Nat. Fin. Corp.... 121% Robert Fleming & Co. 121% 9% gross. Robert Fraser & Pirs. 131% 1 Mortgage base rate.

Grindleys Bank‡121%

Exeter Trust Ltd. 13 % 9.03%. Top Ner-12,500+ at 3 Financial & Gen. Sec. 12196 months notice 12.06%. At call

First Nat. Sec. Ltd. ... 121% & Call deposits £1,000 and over

Cuinness Mahon 121% 5 Demand dep. 84%. Montgage 13%.

its neighbours.

Rotation

Israeli troops from Lehanon,

and a Likud coalition partner that sheres few of Mr Peres'

objectives, According to the

coalition agreement, the premiership will rotate in the autumn with Mr Yitzak Shamir,

the Likud leadar and currently

Foreign Minister, taking over as head of government.

stand out against any deal with Hussein's peace efforts are Egypt on the tiny, disputed faltering end terrorism threapiece of lerritory at Taha. In tens to undermine the work of the few menths hefore he is genuine mederates, almost any

Entente in Lille

Fresh from her latest meet-ing with him in Lille on Monday, the Prime Minister has again been telling colleagues what e very interesting man

"You can talk to him about

Perhaps it is the literary air of French politicians that Mrs Thatcher finds so sympathique. Mitterrand is, of course, a prolific writer. And Mrs Thatcher confesses that during Monday's conversely the had her marting.

of the Channel tunnel project over the years, Mauroy de-clared: "Men have ideas; hut history only stutters."

he replied.

thought of it myself last night,"

In his quest for stronger European co-operation in high tech-nology. Peter Bonfield, chair-man and chief executive of ICL, has recruited former diplomat, Sir Michaei Butler, as e parttime consultant. Until last October, Bntler,

Freed from the constraints of

diplomatic office, Butlar is

INTERNATIONAL BANKING SUPERVISION

The Fed weighs the risks

By David Lascelles, William Hall and Peter Montagnon

THE rapid growth of interposals. They also tackle one of higher rating than loans to the national banking in the last few the most vexing questions in less creditworthy.

Also novel is the Fed's decidence of the proposals. They also tackle one of higher rating than loans to the ability unless fees were infinancial community to the creased. One US banker calculates also been mixed. It is managers of the in "off balance" sheet business sion to distinguish between lated this week that the fees has been aimed at the top 200 lenges for managers of the world's blggest banks. The authorities who supervise banks in the major industrial countries have also been trying to make sure that the rules of the ioternational banking game are the same the wei'd ever, and thet unscrupulons banks cannet escape to lightly regulated finencial centres.

Although the Eurupeans and

Although the Eurupeans and more recently the Japanese bave been in broad agreement about how te measure the risks that banks are taking (and from that banks are taking (and from that banks are taking they need), a giobal accord has been beyend their reech hecause of the slowness with which this task has been tackled by the US, the world's largest banking market. market. However, in a move which

makes possible a majer step tewards the harmonisation ef international banking super-vision, the US Federal Reserve last week tabled a set of preposals which would, for the first time, bring the US inte line with other leading countries. At present the Fed's judgment of a US bank's strength is based largely on the size of the bank's assets relative to its capital. Elsewbere a more qualitative judgment is made of the risk in a bank's loan port-

The 32-page decument concedes that "without some movement by the US authorities towards the use of risk-based standards, there weuld seem to be very limited prospects fer acbleving any meaningful degree of policy convergence" with other countries. For this reason it has been welcemed by officials of the Basle Committee of international bank super-visors beaded by Mr Peter Cooke of the Bank of England. The document lays out s sys-

tem of measuring the amount of risk banks are taking by "weighting" their assets depending on how likely they are te lose money on them. This "risk asset" system is already used for banking supervision in the EEC, where it is the subject of e directive, and is shortly to be introduced in Japan. In the US, it would supplement the present system where all assets are deemed equally risky, whether they are US Treasury bonds or loans to Taird World

the most vexing questions in less creditworthy.

banking today: the rapid growth
in "off balance" sheet business sion to distingu such as letters of credit, used to finance international trade deals (where volume more than doubled at the big banks from \$49bn in 1981 te \$105bn in mid-1985) and note Issuance facili-ties (NIFs) which are, by definition, risky because they amount to promises by banks te

lend money to companies when

sion to distinguish between loans to banks and governments of "industrial countries" which rate as moderate risk and those in the rest of the world which count as standard risk. Obviously intended to cope with the effects of the Third World debt crisis, this proposal could act as an incentive to banks te

lend to OECD countries, pos-sibly at the expense of the less

would have to rise tenfold to produce a viable return.
"There is no way we could carry on doing deals at 5 basis points," said another senior executive of a US bank in

Part of the problem is that the only return on an underwriting commitment is the fee itself. When a bank actually itself developed countries. lends money it can add to its

Bankers in the Euromarket earnings by using its expertise
are principally worried that in--in the money market to fund

RISK CATEGORIES AND WEIGHTS

CASH AND EQUIVALENTS: 0%

MONEY MARKET RISK: 30%

(US Government securities, claims on US banks, legally binding loan commitments including Note Issuance

MODERATE RISK: 60%

(US local authority bonds, all claims on banks and governments of industrial countries, local currency claims on banks and governments of non-industrial countries, letters of credit).

STANDARD RISK: 100%

(Typical bank loans, all other claims on foreign obligors, corporate securities).

high and low-risk assets had encouraged US banks to take on riskier business because it was mere profitable. It wants US banks to have capital underpinnings that reflect the risks they are running rather than just their size, e view which has wide acceptance. By Fed estimates only 4 per cent of IIS. mates, only 4 per cent of US banks with assets of over \$1bn would show up badly in a risk asset measure, while two-thirds would come out well.

More controversial is the way

The Fed'a Paul Veicker

the Fed proposes to categorise risk, and this is likely to be the focus of debate in the coming

The system breaks bank assets into four levels of risk ranging from pure cash where the risk is deemed to be nil, to loans which could be com-pletely wiped out (see table). Clearly, banks and their borrowers will : 3 worried that some some types of loans or transac-tions will be permanently "branded" by their category, and this could influence their cost. So the Fed has conceded. International harmonisation is for example, that loans to top only one aim behind the pro-rate companies might win a

creased capital requirements the might undermine the fast ex-

financing in the Euromarkets. Underwriting fees plum-meted in last year's highly competitive market so that a top-rated borrower like Gaz de France now pays just 5 bars points or bundredths of a per-cent for the underwriting ser-

Theoretically that should all change if the Fed's proposals are implemented. They call for underwriting commitments on note issuance facilities to be given e weighting of 0.3 when the risk asset ratio is calculated. In simple terms this means that underwriting commitments should be counted as having a value one-third of that of a straightforward loan when requirements

But allocating capital to underwriting

the credit at below market

panding market in NIFs.

More than \$500n in NIFs were ment, and yet euromarket arranged last year, e figure which by some counts suggests these have ousted the traditional eurocredit as a medium for bank out that the Bank of England's decided a year and its the rational argument. decision a year ago to impose even tougher capital require-ments on the NIF business produced barely a blip in market volume.

Also, bankers say that although US banks have been very active as arrangers of euronete facilities they have long since taken a back seat when it comes to taking on undergriting commitments. underwriting commitments.
Statistics compiled by Euro-money show that while Bank of America arranged a bigger volume of euronote facilities than any other bank last year Banque Nationale de Paris actually took on the most underwritings and only two US - Bankers Trust and Bank of America - were in the top ten,

Not surprisingly, the im-

banks in the country and is expected to have a minimal impact on the rest.

Mr Donald Ogilvie, executive vice-president of the American vice-president of the American Bankers Association, says that his group is "concurred that the proposal may reduce banks' flexibility to lend to certain types of business cat to their assessed risks by regulators, and will make the industry less competitive with other financial institutions."

But the Fed's proposals are tentative and suggest, according to US bankers, that the US central bank is still feeling its

central bank is still feeling its

Among questions which have yet to be addressed are hew to treat the fast-growing swap market, where borrowers exchange debt obligations in order to take advantage of conditions in different markets, now thought to be worth \$2000n, and how to build in assessment of other kinds of risks that banks run, like foreign exchange and securities dealing.

dealing.

If all these changes were instituted, life for US banks both in the euromarkets and in their domestic US business could take on a different bue. The trend towards securitisation of the banking business (the substitution of loans for tradeable assets like securi-ties) might be slowed, and that less creditworthy customer fer NIFs would have to pay higher fees.

International banking super-visors in the Basic Committee still have a long way to ge before achieving their goal of siobal banking standerds. They have yet to agree, for example, on the relatively basic questions of what capital is (does it include loan stock as well as equity?), and how much of it banks need to operate prudently, though these are now top of

the agenda.

However, the introduction of a risk asset concept in the US would mean that all the leading banking countries had adopted a common approach to measuring n bank's strength. This is bound to bring closer the day when banks find there is no longer any profit in playing one financial centre off against another. On the other hand, they will also be competing on the "level playing field" they the "level playing field" so frequently tall for.

UK monetary policy

MO is dead; long live money GDP

By Bill Martin

ON JANUARY 8, unannounced but not unnoticed, the Chancellor's favourite targeted measure of narrow money supply, MO, finally bit the dust. On that day, the Bank of England signalled the need for a one point rise in base rates to 124

Yet only 24 hours earlier, the financial markets were informed inancial markets were informed that, on slightly distorted figures, MO was growing below the bottom end of its target growth range. The unhappy coincidence of apparently overtight monetary conditions and the decision te raise interest rates robbed MO of what little exactivities is retil enjayed in the redibility it still enjeyed in the Square Mile.

The failure of MO to con-vince as a credible monetary target stems in part from the not unreasonable feeling that the value of notes and coin in circulation — the major con-stituent of MO. — has little bearing on the economy perfermance.

Nevertheless, the Treasury

cerns are inflation and the growth of money GDP — gross demestic product valued at current prices — which it rightly regards as a good guide to underlying inflationary pressures. With proven reliability as a lead indicator, MO, it was boped, would earn the respect of financial markets.

This hope is now a forlorn

This hope is now a forlorn

one. It is quite possibly the case that movements in MO do, at times, presage movements in money GDP. MO enthusiasts like to cite the example of 1979-81, when the rapid deceleration in MO is said to have led the deceleration of money GDP by an average of two to three quarters. MO, apparently, reacted more quickly than did money GDP to high interest rates. But, in other circumstances, MO will typically follow, rather than lead, money GDP, as people adjust their holdings of notes and coin to new levels of income and expenditure, would be to introduce an Sudden shifts in methods of explicit target for money GDP, payment — such as the move-ment towards cashless pay— on-year growth rate. A declining

'It may be over-valued

can elso at times obscure the path for money GDP growth is relationship between MO and already central to the Government's counter-inflation policy.

It is, therefore, most unlikely Nevertheless, the Treasury has that MO will act consistently as always fought shy of targeting a good early warning device. it directly, preferring in use it did not escape financial intermediate targets like the markets' attention that the steady growth of MO in late 1984 gave no indication of the ence was the belief that money subsequent acceleration of supply measures would act as money GDP growth and of in-lead indicators. But experiflation. A more formal statistical test which we have statistical test which we have carried out confirms the same truth—that MO sometimes leads but also sometimes lags meney GDP.

The failure of MO to convince, coupled with the suspension of the target fer £M3, the wayward measure of

A target which the Chancellor should introduce in March

hroad money supply, bas left financial markets with a firm Nevertheless, the Treasury financial markets with a firm bad heped thet MO would prove a reliable leading indicator of prime indicator of sound those features of the economy with which it was especially foundly unsatisfactory state of affairs. There are many influences on the exchange rate which have nething te de with the soundness of the Government's country influences on the covernment's country influences. ment's counter-inflation policy.
And there are many influences
on inflation which have nothing to do with the exchange rate.
What the Chancellor needs is a credible alternative Indicator of monetary policy which, if under control, would deflect the attention of financial markets

away from the vicissitudes of sterling. The Chancellor would still need to be chary of sbarp shifts in sterling which ceuld destabilise market sentiment. But generally be would bave rather more scope than be bas now to determine his preferred exchange rate policy.
It is highly doubtful whether a revamped broad money supply target, expected in the Budget, will serve the purpose adequately. Having sought to educate financial markets in the

distorted ways of broad money, the Treasury can hardly expect a new target to command much A far better alternative

policy makers are now well placed to allow for the likely size of the revisions to the national accounts. If the Chancellor wants to disabuse financial markets of the view that MTFS stands for

nine weeks later.

Muddling Through with Firm Sterling, be should introduce an explicit money GDP target in his March Budget, in preference to money supply targets, It would bring a lasting improvement to the conduct of monetary policy.

ence new shows that a fereeast of money GDP growth has to be based en a regular assessment

of the totality of available economic information, in which £M3 and MO may play

some part.
The other practical objection

the other practical enjection to targeting money GDP directly is the frequency and timelness of the official national accounts figures. Money GDP is measured on a quarterly basis

and the figures only become evailable with a considerable

delay What the policy-maker therefore needs is a timely monthly measure of money GDP

which will allow him to track its tikely course between the publication of successive

notional accounts estimates.

Our own research has convinced us of the practicability of devising a reasonably reliable monthly measure which would be available a little over six weeks after the end of each month to which it referred. (Money numbers are available after three weeks)

evailable after three weeks.) The same monthly series can

be used te derive a flash esti-

mate of quarterly money GDP, available with about a two-week publication lag, which provides a reasonable indication of the first official estimate aveilable

It is true, of course, that the

first official estimates are them-

selves subject to weaknesses. But thanks to an official study

publication of successi

Fashion in mergers

15 ... 16

12012

Fix HC

From Mr G. Hall Sir.—The current 13 mergers is proving perticularly ironic to those of us who are observers of the merger scene There is an unprecedented consensus among academics that the only peeple to gain from a tekeover are usually the sberebelders ef the ecquired cempany and often the senior managers of the acquirers. Why should it be that British managements should apparently have exercised such poor judgment? Some possible

judgment? Some possible reasons follow. They heve consistently underestimated the size of the bid premium, that is the amount that the price of the would-be acquired firm rises on an-nouncement (er even in anticipatien) ef the takcover bid. If the Stock Merket is efficient, and in this respect there would seem little doubt that it is, this premium would rise te exactly equal the expected benefits

from a merger.

Managements usually overestimate the expected benefits from a merger and underestimate the problems to which it will give rise. Economies of scale, fer instance, are less powerful as an engine fer lessering costs than is technolowering costs than is techno-logical pregress. Britisb in-dustry's international uncemdustry's international uncempetitiveness owes far mere te its failure to invest in the latest technelogy than from its inability te exploit econemies of scale. Moreover, severe erganisational problems can market between result from a merger between twe sizeable businesses end these cen take years to resolve. Mergers are probably, en the

whele, net undertaken fer eco-nomic reasons. Fashlon plays a part and sometimes the desire te pre-empt a less welcome bid. More important, senier manage-ment in acquiring firms cannot be eblivious to the greater power and income that an en-larged firm will confer.

Graham Hall, Manchester Business School, Booth Street West,

The true cost of unemployment

From Mr T. Hort, Sir. — I wender how many other readers are struck by the absurdity of a leng queue of traffic held up by a stationery deuble-decker bus as its driver collecte forms: while 2m or 4m collects fares, while 3m or 4m people stand in queues of anether kind with their attendant ills of frustretion, demostle discord, crime, drug abuse and political extremism, etc.

Whether the bus is run by a private company or a public prevails. The true cost of empleying a conductor, at the present time, hewever, is the difference between his wage end the

Letters to the Editor

um of his unemployment benefit plus all the edditional remedial services which come in the wake of high unemployment — DHSS, NHS, police and prison facilities, insurance premiums, etc. The benefits from his employ-

ment will obviously accrue, not tust to the people in traffic queues, but to society at large. While a private firm is judged principally by its generation of profit, with little regard for externalities unless through regulation, the principal measure for government should be "social profit," defined as the total benefit (expressed in mone-tary terms), minus the net cost of its actions.

Is the Minister for Employ-

ment making these calculations to arrive at the social profit to be derived from employing bus conductors and then creating the mechanisms — in the form of grants, subsidies, or regulation (after alt, the hus is causing an obstruction) - to make

it bappen?
I enly ask because when, last year, we smelt fire, it was parts of London, not Rome, that were burning. T. Hart, 102 Elthorne Park Road, W7.

Union law in Germany

From the General Secretary, international Metalworkers' Sir,—The article on the crisis

between German unions and the Government in Bonn (January 15) misses one (January 15) misses one absolutely fundamental point.
The proposed change in the law would immensely increase law would immensely increase; the employers' power in strikes through use of the lock-out.

The regional, industry-wide bargaining in West Germany means that if a strike arises both union and employers test their strength, the former by the smallest number

their strength, the former by calling out the smallest number of workers but in key plants, with the open intent of maximising pressure and the latter by locking-out workers so that loss of income of union members makes them put pressure on their representatives for a settlement.

atives for a settlement. The families and children of employees are protected from the full blast of such lock-out measures by state benefit. It is this elementary social security the Government wishes to remove and open the way for employers in future strike situations to increase the numbers locked-out to a point where such hardship is caused that almost any strike would cellapse.

The relations between em-

and unions in the ployers and unions in the Federal Republic of Germany have been based on a delicate balance of power which has helped guarantee economic, political and social stability since 1949. The Government now wants very sharply to tilt those powers in one direction. Incidentally, very few Ger-man trade unionists compare the current proposals with the Nazi era, Rather, the worry is that of a return to Weimar labour laws under which the employers very successfully used mass lock-outs to weaken unions te n very considerable extent during the 1920's. Herman Rebhan. Route des Acucias 54 bis,

Footwear imports

CH-1227 Geneva.

From Mr W. Calvert
Sir,—Concerned to read
(January 9) that restraints on
Far Eastern non-leather footwear imports are calculated as costing the British consumer \$28m a yeer eccording to a Trade Policy Research Centre study, we hastened te buy a

copy.

The study turns ent to be typical of many that bere preceded it—a wearisome exposition of supposedly relevant theory, and then a calculation resting on a cardhouse of impleusible and often fantastic assumptions to justify the theory.

To take one key example.
Theory states that export restraints lead to higher import prices—but bow can this be measured? The solution is to compare for 1982 average prices of imports from Taiwan (a) of imports from Taiwan (a restricted country) into the UK with those into—of all places— Heng Kong (with some adjust-ment for distance). The average UK import price is 13 per cent higher than the Hong Kong one: therefore, hey presto, the import restraints make the UK mports 13 per cent more expensive than they would other-wise be. Readers, blessed with common sense, will hardly need reminding that Hong Kong as

a developing country will certainly import footwear of a generally lower quality. Another way to judge the effect of the restraints on import prices is to compare relative movements before and after they came into force. The Taiwan situation is compli-cated as the voluntery export restraints (VERs) were preceded by e quots, so we have compared Kores, where a VER came into ferce at the begin- Cocking

the Far East, where there was no change in the arrangements, and from where we import broadly similar types of foot-

Those who advocate unilateral disarmament on the trade front

Changing British lifestyles

From Mr W. Martin
Sir, — We have read (January 16) with interest the article
by David Churchill on British by David Chirchit of School lifestyles. This discusses the tendency for people to become rather less home-centred in their activities than had been

haps as surprising as the article implies. Behind the shift lie vations coming on to the mar-ket in the near future to decade and in the early 12905; sustained tises in real incomes fer the majority and an acceptance of today's higher travel costs; and the renovation and rejuvenation of much of the stock of leisure facilities in the UK that has been and is continued to the plane of the stock of leisure facilities in the UK that has been and is continued to the plane.

Lint Growis, Foxearth, Sudbury, Suffolk. Simplistic view

Sir,—In Weekend FT's "Private View" article entitled
"Third party not covered"
(January 18) I was grieved to
read the sub-heading "....
David Steel looks et the way i.e. one who studies simples: a herbalist. The increasing

Average import prices is

really do need better arguments than those in this study. W. N. S. Calvert. British Footwear Manufacturers' Federation. 72 Dean Street, W1.

anticipated.
Such behaviour is not per

factors such as: the absence of many major technological inno stimulate extra spending on home entertainment (but things will be different later in the decade and in the early 1890s); thring to take place.

In essence, what we are seeing is n basic swing of the leisure pendulum away from

the home after a period of heavy investment in TV sets, videos and other entertainment equipment. W. H. Martin.

of media From Mr B. Smeed

the medie reports the Alliance."
Media, being the plural of
medium, should take the
plural of the verb "to report."
One of your correspondents recently used the word "sim-plistic" intending to mean simple. The Shorter Oxford Dictionary defines simplistic as the edjectival form of simplist misuse of simplistic as a more impressive form of simple is a practice which is growing, and is to be regretted. Basil W. Smeed. Westmoun

Cocking, Midhurst,

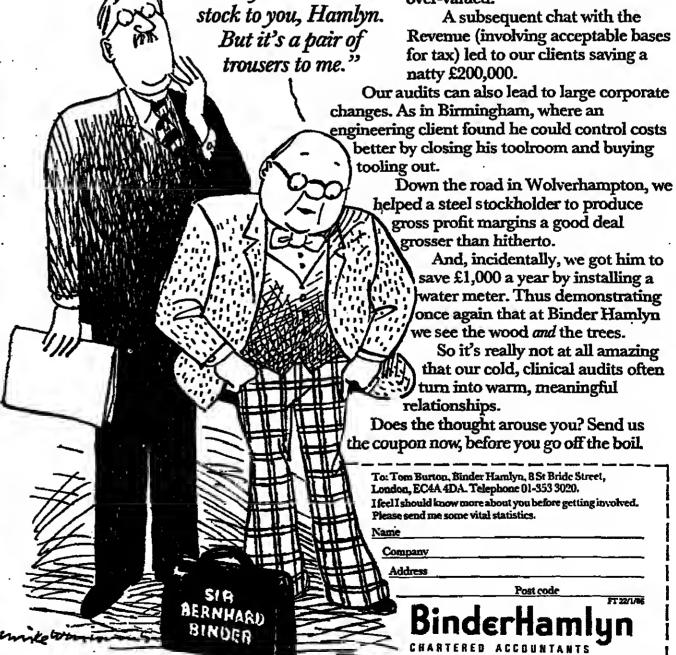
ere and are occasions to set aside fellowfeelings; to cast a cold eye on a client's affairs. But it's amazing what you get out of them.

A recent audit we did for a major chain of menswear retailers showed that much stock had been over-valued.

To our founders, as to ourselves, Audits

A subsequent chat with the

Londen/Ayr/Bacup/Bath/Belfist/Birmingham/Bury St Edmunds/Croydon/Dublin/Enniskillen/Glasgow/Leeds/Manchester/Newcastle/Newmarket/ Nottingham/Rochdale/Saltcoats/Sheffield/Stransaer/Telford/Wolverhampton/internationally Binder Dijker Onc & Ce.



FINANCIAL TIMES

Wednesday January 22 1986



New IBM micros aimed at design market

IBM, the world's leading compute group, announced new microcom puter products yesterday, heralding the company's entry into the high-growth market for computer-aided

The new RT PC is designed for use in computer-aided design and manufacturing and is capable of tasks such as motor-vehicle and circuits design, which normally re-quire much larger computers. The introduction of the RT PC

represents IBM's latest move to increase its already large share of the microcomputer market. The latest offering will compete directly with products from companies such as Apollo and Sun Microsystems, which both sell high-performance workstations to computer-aided de-sign (CAD) and manufacturing companies CAD companies such as Daisy Systems, Mentor Graphics and Valid Logic also have an important new competitor.

According to Dataquest, the US market research company, the market for computer-aided design and manufacturing workstations will more than double over the next three years from revenues of \$3.4bn last year to an estimated \$8.5bn by

The RT PC is the first IBM prod-uct to take advantage of the compa-ny's "reduced instruction set" technology, which allows the computer to handle data at the high speeds required for complex technical ap-plications. The RT PC also includes proprietary chips designed by IBM to enhance its performance. New high-performance displays were also announced for use with the RT

Although IBM's announcement vesterday came as no surprise to industry analysts, they had also been expecting IBM to lannch its longawaited lap-top computer this week. This highly portable compu-ter with built-in disk drives, modem and screen is now expected to make its debut this month. According to industry analysts, IBM has won a 15,000-unit order for the as yet un-announced portable computer from the US Internal Revenue Service The value of the order is estimated

Kodak unveils plans for 35mm market

Continued from Page 1

The 35 mm compact camera mar-ket has been a considerable growth sector within the market. It is dominated by Japanese makers such as Olympus, Canon and Minolta. In 1984, 65.5 per cent of the 15m cameras made in Japan were compacts and the percentage is growing

every year.

Kodak dropped out of the 35 mm market in the 1960s - at its peak it made 100 different models - to concentrate on the simpler types of cameras, then much in demand, such as the Kodak Instamatics introduced in 1963, the 110 cartridge cameras in 1974 and, more recently, the disc camera launched in 1982. All but the disc camera are in

The company has also faced increasing competition in its colour film business from companies such as Fuji film in Japan. Its new Gold range - which replaces its VR range introduced only three years ago - is intended to redress the balance.

Film processing is the backbor of its business. It recent years, the concept has expanded rapidly, and Kodak estimates nearly 10 per cent of all films are handled in such equipment worldwide. Typically a film can be processed in half an

Kodak will be using equipment made by Maritsu in Japan and believes that 25 per cent of the process market will be taken by mini-

World Weather

Folketing rejects EEC treaty reform package

THE DANISH Folketing voted last night by 80 votes to 75 to reject the reforms of the European Community, which were negotiated by the eads of government in Luxem-

That placed the minority, non-Socialist coalition Government in a minority and Prime Minister Poul
Schlüter is, therefore, expected to
submit the issue to a consultative
referendum, probably at the end of
next month.
The Folketing, however, called on
the Community members
with a dilemma, as even if they are
prepared to reconsider Danish obicclines in the reforms the results.

the Government to reopen negotiations on the reforms with other Community members and the Prime Minister is not expected to announce the referendum until he has received a response from the

hagen this morning on a lightning tour of five EEC capitals to present the Folketing's points of view and to receive members' reactions. He is to report to the Folketing's powerful market affairs committee on Fri-

ections to the reforms, the resolution fails to specify what concessions would win majority support. garded as highly unlikely.

Mr Schlüter gave a warning that if it came to a referendum, it would

Mr Uffe Ellemann-Jensen, the in effect be a vote for or against Foreign Minister, will leave Copen-Denmark's continued membership of the Community, although the question posed would be for or against the reform proposals.

It would have serious conse quences for the Denish economy if the result eventually led to Denmark's withdrawal from the EEC, which would initiate a break with decades of rising affluence, he said.

Quentin Peel in Brussels adds: The Netherlands, currently occupy-ing the EEC presidency, is expected today to announce the postponement of the ceremony to sign the EEC reform package, all but agreed by foreign ministers last month, after the Danish parliament's vote.

Scant support for EEC. Page 3

Peres meets US envoy in bid to secure pact on Palestinians

BY LAURA RAUN IN THE HAGUE

Prime Minister, will meet Mr Richremove the remaining obstacles to Israeli-Jordanian peace negotia-tions involving Palestinians.

said vesterday, are who will represent the Palestinian people in the light of Israel's adamant opposition to the Palestine Liberation Organisation, and the composition of an international forum in which the talks could take place. He added Hague, met King Hussein recently. The two suggestions for an interwith Mr Murphy would show whether any progress on those points had been made by the Americans, who are currently acting as mediators. Mr Peres met Mr Murphy for four hours on Sunday night. During a joint press conference with Mr Rund Lubbers, the Dutch

Prime Minister, Mr Peres sounded

MR SHIMON PERES, the Israeli pects for a peace conference. What diplomatic recognition, Mr Peres makes me more optimistic is that ard Murphy, the US Middle East Jordan and Israel have agreed to eavoy, in London tonight to try to start negotiations without prior

determining a Jordanian-Palestini-The two main obstacles, Mr Peres an delegation must come from King Hussein of Jordan, who should "come up with proposals that are acceptable to all sices," Mr Peres said. Mr Murphy, who has been conducting a secret shuttle diplomacy between London and The

national forum have been, on one hand, the US and the Soviet Union and, on the other, members of the United Nations Security Council, But Mr Peres reiterated Israel's objections to the Soviet Union unless that country restores diplomatic relations with Israel and relaxes Jew-Prime Minister, Mr Peres sounded ish emigration, "Opening the gates an optimistic note about the pros- for Jewry" is more important than

told Mr Lubbers on Monday. Mr Peres was in The Hague for a three-day visit with Mr Lubbers, who chairs the EEC Council of Ministers, and other government leaders. Mr Lubbers was briefed on the Middle East peace process and dis-cussions were held on Israeli relations with the Netherlands and the

The Israeli Prime Minister's visit. has been surrounded by tight security arrangements in the Netherlands, where an earlier warning against possible attacks by Palestinian guerrillas was renewed last week. The Netherlands was alerted to possible terrorist attacks shortly before last month's Palesti-

Mr Peres is to meet Mrs Margaret Thatcher, British Prime Minis-ter, and Sir Geoffrey Howe, Foreign

Secretary, today.

Valmet postpones decision on joint lift venture with Otis

BY OLLI VIRTANEN IN HELSINKI AND IAN RODGER IN LONDON

troversial plan to enter a joint ven-ture to make lifts with Otis Elevator

The postponement was requested by the Finnish Government to permit closer examination of the employment implications of the Otis deal and a counter-offer to Valmet. made by Kone, the Finnish lift maker, on Monday. The proposed Valmet-Otis ven-

ture has been strongly opposed by and in the Soviet Union. Also Otis is its market share in Finland to 30 Kone, a family-controlled company, a subsidiary of United Technolowhich competes with Otis in most gies, and Valmet is interested in from factories elsewhere in Europe.

tioned the merit of a Finnish stateowned company co-operating with its most important rival.

deal with Otis. They fear that Kone would close the existing Valmet lift Finland, it has a 60 per cent share, factory and concentrate production

in its own plants. The US company is offering Valmet-Otis the right to make Otis lifts for sale throughout Scandinavia

VALMET, the Finnish state-owned world markets. Kone has expressed gaining access to other UTC tech-VALMET, the Finnish state-owned world markets. Kone has expressed gaining access to other UIC techengineering group, has postponed concern about job losses in its factountil February 4 a decision on ries if commetition in Scandinavia mation and agro-engines.

Otis is the world's leading lift supplier, with a 23 per cent market share, Kone is fifth with a 6 per cent share. However, Otis has only Valuet officials still favour the a very small presence in Scandina via, where Kone is dominant. In with most of the rest beld by Val-

Otis has said that even if the Valmet-Otis deal does not go through, it will press forward a plan to build

Call for securities co-operation

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

countries start working more closely together, the Governor of the Bank of England said yesterday. Mr Robin Leigh-Pemberton said securities regulators should be able to exchange information with their opposite numbers abroad to oversee international firms in the same way

as supervisors of the banking in-In an address to the American Chamber of Commerce in London, he welcomed the fact that the Department of Trade and Industry had agreed to hold bilateral discussions with the US Securities and Exchange Commission about estab-

lishing a workable relationship.

THE RAPID growth of trading in supervised through a banking parstocks and shares internationally ent should be properly regulated in makes it "vital" that regulators of the London market after the Lonsecurities markets in different don Stock Exchange is reformed

Mr Leigh-Pemberton also said su-

pervisory co-operation was needed to cover the growing number of securities that are traded simultaneously on several different markets round the world "In this environment it is difficult to know whether an orderly market

is being maintained in a particular security - a problem that would not arise if it were listed and predominantly traded on a single

Stock exchanges, including the London Stock Exchange, are also seeking linkages that bring different regulatory systems into direct His comments reflect the UK au-contact, and would have to be thorities concern that foreign secu-rities firms, particularly those un-changes of information.

Such linkages would bring different countries legal systems into di-rect contact. But Mr Leigh-Pemberton said it was "daunting to contemplate the extent to which US official bodies claim to exercise authority outside US territory." Al-though the UK had defensive legis-lation to meet that threat, "the most productive approach would be to reach workable compromises on the limits of our respective jurisdic-

ternational securities, for example, were to flourish in relatively unregulated off-market locations because governments had failed to reach the necessary understandings to enable well run central exchanges to form effective trading links."

Editorial comment, Page 16: Fed weighs supervision risks, Page 17

UK may cancel Nimrod

Continued from Page 1

Mr Younger is believed to feel doubt be political capital to be made that, if Nimrod is to be cancelled, be out of the decision to abandon Nimmust take the decision early in his tenure of office and the sooner the extraordinary controversy which better in terms of both of the defence budget and his own political credibility. However, be must convince not only the Treasury but also his Cabinet colleagues that this would be the best course.

Whichever way the Cabinet decides, however, there seems certain to be a political row, even though the critical decisions on the Nimrod project were taken by both Labour and Conservative governments.

rod and buy US aircraft, given the has been generated by the possibility of Sikorsky, a subsidiary of a US conglomerate, taking a minority shareholding in Westland.

According to unofficial estimates Britain could buy about six Awaes aircraft, including the necessary package of support for them, for the sums which it would have to spend in the hope of making Nimrod work fully. It is suggested that the Boeing aircraft could be in service with-

BL angry over Spanish car import quotas.

By Tom Burns in Madrid and Kenneth Gooding in London meth Gooding in London

AUSTIN ROVER, the UK car mak er, reacted angrily yesterday to news that Britain has won only a modest increase in the number of cars it can export to Spain at a reduced rate of duty this year.

Italy's quota has been given a substantial boost, but its car makers continued to complain that the Spanish were discriminating

Italian pressure for a better deal from Spain held up agreement within the European Community about the car quota, which should have been finalised before the end of 1985.

Austin Rover, the volume car subsidiary of state owned BL, wanted a minimum reduced-duty quots of 7,000 cars for this year, compared with the 4,500 for 1985.

But its quote has been lifted to 4,847 (out of 5,000 for the UK), and Mr Trevor Taylor, Austin Rover's marketing director, complained yesterday. This is a very unfair re-ward for the efforts of Austin Rover Spain. Someone must have a death wish for the UK motor industry.

In contrast, the UK Departmen of Trade and Industry described the new quota as "realistic" and said it represented more than the total number of British cars sold in Spain last year - about 4,600.

Austin Rover argued, however, that its sales in Spain had been rising fast and in the last quarter of 1985 were running at an annual rate of 8,000.

Cars shipped to Spain under the quota system will pay a 17.4 per cent duty compared with the normal tariff, reduced this year to 22.5 per cent from 36.5 per cent. Austin Rover claims the higher rate virtually prices cars out of the market. The tariff is to be eliminated enfirely over the next seven years following Spain's entry into the

The total reduced-duty quota for the Community countries this year is 28,000 (up from 15,000 in 1935) plus another 2,000 each for UK and

Italian car producers complain they have been badly treated in the their way since 1980 when Fiat acri moniously ended its 20-year association with Seat, the state-owned Soanish company

Italy's quota this year is almost ,000 (including just under 5,000 for Fiat and not quite 2,000 for state-owned Alfa Romeo) which is 22 per cent of the total, compared with the 14.5 per cent it was allocated in

However, the Italian industry was surprised by the paucity of its quots. One official commented: This shows that Spain has not changed its attitude towards Italian car makers even though Spain is now a full member of the European

Austin Rover's share of the total quota rises only slightly, from 14.9 to 15.6 per cent this year.

The British and Italian producers are particularly bitter about the quota because Spain is a major car exporter to other parts of the Community but pays only a 4.1 per cent tariff. General Motors, the Vauxhall Opel group, imported 61, 358 cars to the UK from its Spanish factory last year (up from 55,442 in 1984) while Ford's Spanish car imports rose from 39,908 to 43,599.

Seat also recently started selling in 1986 could reach 10,000 a month Seat has done well in Italy, captur ing a 2 per cent market share with annual sales of about 320,000.

Singapore questions Malaysian

Continued from Page 1 As for Pan-Electric, the sharehol

ders now stand to lose everything and the company's 37 bank crediand the company's pank creat-tors can only hope to recover some-thing from a liquidation or a sell-off of assets. The biggest lenders are Standard Chartered of the UK and Citibank of the US.

Last month Mr Tan reached as agreement with the banks under which he would take over Pan-Electric's share purchase commitments and inject S\$40m into the company The banks were to suspend deb payments for three months and work out a financial restructuring

package. Yesterday, however, Mr Tan failed for a third week in succession to produce an SS8m tranche of this sought by Price Waterhouse, Pan-Electric's receivers.

THE LEX COLUMN A cold wind from the sea

Letting the sterling exchange rate take the strain caused by falling of prices is by no means an absurd idea. Parallels with last year's version of the oil and sterling draversion of the oil and sterling dra-ma - a race for parity with the dol-lar, halted by the return of Mini-mum Lending Rate - are painful; but though spot crudes are around \$8 a barrel cheaper than at the start of 1985, sterling is at any rate slid-ing from higher up the slope, cush-ioned by the relative softness of the dollar.

If the pattern is thus recurring at a less critical exchange rate (one from which a controlled depreciation might even be sought as a pre-lude to full EMS membership) that did not prevent the same old sinking feeling from taking hold of the markets yesterday. A sudden accel-eration, unhampered by any visible intervention in foreign exchange cramped indeed. trading and aided by the provision of help to the money markets, was unwelcome all round.

Whatever the

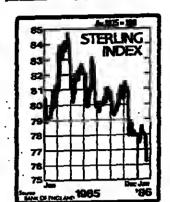
Unguarded remarks from every quarter served to raise the fear and uncertainty quotient in both oil and currency dealing. If the Bank of currency dealing. If the Bank of England really was steering people to believe that it was against doing to believe that it was against doing anything to prop up sterling – at any rate by pushing up base rates – markets could be forgiven for hearmarkets could be apply a nice change after five years on the flat.

It could be argued that the company's in-house rationalisation – as OADEC to the effort that God had OAPEC, to the effect that God had given Opec a mandate to produce 18m barrels per day, was enough to end quite a promising bear-squeeze in North Sea crude.

Even without this form of help, Japanese traders are testing to the full the Saudi policy of divide and rule. Buying cheap North Sea cargoes to ship out East is a risky form of geographical arbitrage, if the Saudis really are set upon main-taining output at the expense of price. Whatever the actual oversang of current production over mption when it is landed a month hence, it is unlikely to give much support to the price.

If Mrs Thatcher is serious about her preference for high interest rates over high inflation, yesterday's promotion of easy conditions at the short end of the money markets - where overnight money was sometimes available at 2 per cent may come to seem a piece of mone-tary dithering by the authorities.

As the worst capitalised of the big three West German banks, Com-



tion on sterling through the interest rate has been allowed to pass. If a late jab at interest rates allows short selling to continue, the bud-getary arithmetic may look cramped indeed.

Whatever the ultimate purpose of the small institutional putsch at Macerthys Pharmaceutical, it has at least helped add a little polish to the target's performance. The in-crease in interim pre-tax profits, of

opposed to that implied by the insti-tutions as a consequence of their partial offer - has taken rather a long time. After all, it scarcely requires the move from central to individual computerised stock-taking to reveal that surgical trusses are not the fastest moving items, and the write-down of such things to a sixth of their book value must be a sage step. But then Macarthys is so unprofitable that it needs only a one percentage point improvement in distribution margins on a small pre-tax contribution.

The institutional offer is now at a 5p discount to the Macarthys share price, unchanged at 270p, so share-holders will need to be very convinced of the untried virtues of the don the devil they know.

Commerzbank

merzbank always had the furthest to catch up to meet the new banking law's stricter capital require-ments involving the consolidation of foreign subsidiaries. But the bank promised at the time of last year's issue of profit-sharing certifi-cates - deemed as capital for the purposes of the law - that there was lots of time and no rights issue was

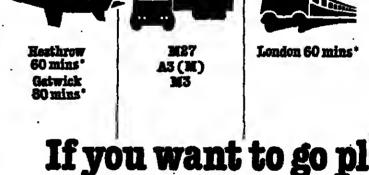
However, it would have taken superhuman patience to resist the re-rating of the West German stock market, and of bank shares beloed by the Deutsche Bank purchase of the Flick concern, since the au-tumn; and even with bond yields still showing a 4 per cent or so real return, domestic investors are now outstripping foreigners in buying the equity market. So Commerz-bank yesterday duly followed Deutsche Bank'a DM 1bn issue with a DM 900m issue of its own - and one priced at what is for German standards a positively stingy dis-count of under 15 per cent; and where these two lead, can Dresdaer be far behind? No doubt, the banks and the chemical companies for that matter - would also rather sort out their fund-raising in good time for the election campaign next

It could be argued that the com- Hanson/Imperial

The defensive position of Imperial Group is so awkward - it has to show itself more valuable than the Hanson offer without conceding that the UB merger is a givesway that nobody could have much trouble scoring points at Imperial's ex-pense. Hanson's brief letter duly picks off some tempting targets, centring on the Imperial asset re-valuation. As Hanson observes, it is not arithmetically possible to raise the asset base without depressing the apparent rate of return; the fact that revaluations also pull additional depreciation out of the profit line only makes matters worse. Similarly, without a parallel revaluation by UB, Imperial's move is bound to create a strong impression of a rattied company paying a premium to be taken over by the management of its choice (in this case, UB). Nevertheless, the market will sure-ly require more than a demonstraion of debating technique from Hanson; an increased offer seems

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday January 22 1986



Weak demand puts Data General on thin profit margin

BY PAUL TAYLOR IN NEW YORK

DATA GENERAL, the Massachusetts, US supermini-computer mak-said: "Although our current results er struggling to reverse a recent sharp earnings setback, remained barely profitable in the latest quarter, reflecting continued weak de-mand and sagging equipment reve-quarter results reflect a continuing

The company posted net earnings sector."
of \$1.1m or 4 cents a share in its fis. • Profits at Burroughs, the US cal first quarter ending December computer and office equipment 28, compared with net earnings of group, advanced by 22 per cent in \$23m or 87 cents a share in the final quarter of 1985 to leave the year-ago period. The results reflect company slightly ahead on the full a continuation of the abrupt sales downturn last year which led to a fiscal third-quarter net loss and a break-even final quarter.

State in the third quart at the field to company slightly ahead on the full year.

Net income for the year amounted to \$248.2m, or \$5.46 a share, against \$344.9m, or \$5.40 a share in

break-even final quarter. Data General said its revenues in the latest period fell by 12 per cent \$115.3m, or \$2.42 n share against to \$293.7m from \$333.7m a year ear \$94.4m, or \$2.08 a share. lier. Operating income in the fiscal Sales were ahead by 8.8 per cent first quarter plunged to \$4.3m or 1.5 on the year at \$3.53bn with a rise of per cent of revenues compared with just over 11 per cent in the final \$35.8m or 10.7 per cent of revenues quarter to \$1.09bn.

than Wall Street had expected end warned investors not to expect came despite the fact that the company renegotiated an existing long-However, Mr Michael Blumenthal, pany renegotiated an existing long-term sales contract for equipment Burroughs chairman, said the com-sold during previous quarters — a pany had begun to benefit from the move which lifted equipment sales recent decline of the dollar by \$3.5m and added 6 cents a share
to net income.

"what appears to be improving business conditions in the US."

BY JOHN WICKS IN ZURICH

ings for 1985 after an 8.1 per cent

rise in turnover to a record level of nearly SFr 8.94bn (\$4.2bn).

In the previous year, group prof-

1985 led to a marked slowdown in 3.79bn. Roche's sales growth during the Budgeted

ear. In the first half, turnover had rea

In terms of local currencies, sales

corresponding 1984 period.

Roche expects profits

to show further gain

further improvement in group earn- been about 12.5 per cent,

its had aiready grown by 15,8 per strong dollar of the first six months, cent to SFr 380.2m, permitting an In addition, imitators of Roche's

rincrease in the parent company dividend-from SFr 575 to SFr 600 a share.

Valium, which lost US patent projected in February, did not appear on the market until towards the end

The sharp drop in the dollar ex- of the year. In all, pharmaceuticals change rate in the second half of turnover was up 9.4 per cent to SFr

SMITHKLINE Beckman, the US pharmaceutical group, lifted sales and profits last year, aided in the final quarter by the downturn to the US dollar.

Tose 7.4 per cent to \$129.6m on sales 18.8 per cent up at \$895.2m.

Mr Henry Wendt, president and chief executive officer, said pharmaceutical sales in the US broke that the US troke

For the full year, net earnings in-creased by 2.1 per cent to \$514.4m, with share earnings 5.3 per cent with share earnings 5.3 per cent to \$5.00 per cent in the fi-

ahead at \$6.56 after allowing for nal quarter. International sales share repurchases over the year. Sales rose from \$2.9bn to \$3.3bn.

SFr 2.34bn.

Hansey law

Mr Edson de Castro, President are compared to the strongest quarter in company history, I am particularly disappointed by the weaklack of demand in our busines

1984. In the last quarter, it rose to

The figures have come only a few in the year-ago period.

The figures have come only a few days after IBM, the industry leader,

vision, which accounts for the bulk

of Roche sales, were above budget-ed levels and benefited from the

projections were

HIGHER LOAN LOSS PROVISIONS HIT MAJOR US BANKS

Citicorp earnings dip 7% during quarter

CITICORP, the world's largest banking group, yesterday reported a 7 per cent decline in fourth-quarter net earnings. This mainly reflected a sharp fall in profits from its core institutional or corporate banking business because of higher loan write-offs and larger loan loss

However, despite the fourth-quarter earnings decline, Citicorp managed to post a 12 per cent gain in full-year net earnings paced by sub-stantially higher profits from its in-dividual or retail banking business. Separately, Manufacturers Han-over - the fourth largest US banking group – reported a modest 2 per

earnings while full-year net income advanced by 15.6 per cent. Citicorp said fourth-quarter net earnings fell to \$243m or \$1.68 a share fully diluted from \$281m or \$1.90 a share a year earlier. Of the group's three divisions only individ-

cent advance in fourth-quarter net

ual banking posted an earnings gain, up 58m to 577m.

For the full year, Citicorp posted net earnings of \$998m or \$7.11 n share fully diluted, compared to \$890m or \$6.36 a share in the yearago period on total revenues which increased by 28 per cent to \$8.5bn.
The New York-based banking

ing profits on a significant increase to the commercial loan loss allowance and higher write-offs" which it blamed on "continued weakness in certain industries. both domestically and overseas."

Manufacturers Hanover posted net earnings of \$108.3m or \$2.30 a share in the final quarter compared to \$106.2m or \$2.14 a share in the year-ago period. The earnings advance helped boost full-year net profits to \$407.5m or \$8.38 a share from \$352.5m or \$7.12 a share on net interest revenues which grew by 12.75 per cent to \$2.24bn.

The banking group noted that in both the quarter and the full year, higher interest and non-interest enues - buoyed by \$53.5m fourth-quarter pension fund special gain – were partly offset by larger provisions for possible loan losses which were well in excess of net

losses totalled \$205.6m in the final expanding New England-based quarter, compared to \$146.9m n banking group posted. year earlier, and \$622.8m for the full year compared to \$394.8m. Net

giant blamed the final-quarter and total non-performing loans fell full-year decline in corporate bank. \$1.53bn or 2.62 per cent of total \$1.53bn or 2.62 per cent of total loans at year end, down from \$2.08bn at the end of September and \$1.71bn a year ago. The decline reflected \$607m of public sector Argentine credits being restored to an accrual basis – leaving \$131m of mostly private sector Argentine loans on non-accrual status at

> Among other major US banks reporting results yesterday: First Interstate Bancorp, the Los Angeles-based banking group, said fourth-quarter net earnings increased by 13.4 per cent to \$84.8m

from \$74.78m. Mellon Bank, the Pittsburghbased banking group, reported a 4.5 per cent increase in fourth-quarter net earnings to \$45m from \$43.4m a

year ago.

• Wells Fargo, the San Franciscobased group, said fourth-quarter net earnings grew by 10.1 per cent

earnings to \$43.8m from \$74.6m in loan charge-offs grew from \$99.1m the year-ago quarter when earnings to \$259.2m in the quarter when earnings were bolstered by a \$105m gain on

French Total group recovers

BY PAUL BETTS IN PARIS

earnings of more than FFr 1.5bn 1984 to FFr 9bn last year. HOFFMANN-LA ROCHE, the America, without which the local-(\$198m) for 1985, Mr François Xa-Swiss chemicals concern, expects a currency growth rate would have Sales by the pharmaceuticals di

oil group said yesterday.
This compares with net earnings

Petroles (CFP) expects to report net had increased from FFr. 8.7bn in

Mr Ortoli said that the group's revier Ortoli, chairman of the French covery last year was far more pro- ing and oil products marketing secnonced than the increase in net earnings which were held down by of FFr 1.3bn in 1984. Mr Ortoli said the impact of the lower US dollar on last year's results in a difficult en-vironment for oil companies reflection the weaker dollar on group ed the continuing recovery of the stocks, Total's overall operating amounted to FFr 10bn

TOTAL-Compagnie Française des Total group. Cash flow, he added, performance increased by a little more than FFr 3bn compared with a year before, Mr Ortoli said results in the refin-

tor were improving following the rationalisation and modernisation

bank to raise **DM** 900m

COMMERZBANK, one of West

Germany's leading commercial banks, is raising DM 900m (\$364m) through a rights issue and plans to boost its dividend for last year to 16 per cent from the 12 per cent paid for 1984.

The action comes after a year of record earnings, during which the parent bank raised operating profit by 38 per cent to surpass DM 1bn for the first time. Commerzbank is the second of

the "big three" German banks to take advantage of soaring profits and a buoyant stock market to boost capital.
Last November Deutsche Bank

raised more than DM 1bn through a rights issue but has not said whether it will also increase its dividend above the current 24 per cent level. Dresdner Bank has pledged an (unspecified) dividend boost but has not so far moved to raise

Commerzbank is raising basic capital by DM 150m through an offer of two new DM 50 nominal shares for every 15 held at a price of DM 300 each. The offer will be made between February 3 and 17 and the new shares will be eligible for a dividend from the start of this

The move will raise liable capital to DM 4.18bn and take Commerzbank another marked step towards fulfilling the tougher capital-to-lending provisions of the revised credit law.
In another move, BHF Bank, the

merchant and commercial bank, is raising DM 159m through a one-for-10 rights issue. The issue will increase basic capital by DM 21.3m to DM 197.4m. The bank will offer the new DM 50 nominal shares at DM 375 between February 5 and 19. BHF Bank said that it had already met the tougher equity provi-

sions of the credit law

Lex, Page 18

W. German Heavy restructuring charges lead to \$16m Alcoa loss

lated to the restructuring of its busi- US\$2.13 n share.

its equity investment in a Venezuelan operation. This was partially cushioned by a \$30.4m gain on the sale of a Canadian power

Mr Charles Parry, Alcoa's chief executive, said that "stripping away the unususal items. Alcoa generated a profit of \$140.3m from ongoing operations for the year. Although this level of earnings is unsatisfactory, the results were better than

we had expected early in the year."

Alcoa's revenues fell from \$5.8bn in 1984 to \$5.2bn in 1985 and a net loss per share of 23 cents in 1985 compared with net income of \$3.13 per share in 1984.

 Alcan Aluminium of Canada has reported a major loss after special charges for 1985. However, the recent firmer trend on the Londoo Metals Exchange and Comex has got from North American custom- end of next year. ers, writes Hobert Gibbens in Montreal,

ALCOA, the leading US aluminium cents a share a year earlier. Howmanufacturer, reported a \$16.6m ever, after special charges of loss for 1985 after charging off US\$350m or US\$215m after tax, \$156.9m of unusual items mostly rethere was a net loss of US\$212m or

ness announced last month.

The group took a \$138.8m charge it was US\$72m before special in its fourth quarter to cover the closure of 350,000 tonnes of smelting US\$252m post tax, the net loss was consistent and related refining capacity and related refining capacity and related refining capacity and related refining capacity and related refining capacity. ity, and wrote off another \$38.2m on, pared with net profit of US\$253m or US\$2.59 a share in 1984.

Average shares outstanding for 1985 totalled 99.4m against 97.8m.

Most of the special charges related to writedowns in the value of Alcan's investments in bauxite and alumina, as disclosed a week ago. The rest covered rationalisation, restructuring and ioventory

Consolidated revenue for the fourth quarter was US\$1.46bn against US\$1.28bo a year earlier. As part of its effort to control spending, Alcoa cut its scheduled Alusuisse, the Zurich-based incapital spending in 1985 by a fifth to dustrial group, announced yester-based but expects to increase this day that it faces additional depresent to \$610m in the current year.

The company expects US alumining ium industry shipments to remain near 1985's level of 15.2bn pounds.

Mr Parry said that 1026 will be a

Mr Parry said that 1986 will be a cult circumstances in the world alu-year of challenge particularly in minium industry had caused "an light of the fact that contracts with immediate solution in the problem the major unions expire at the end of succession in group manage-

> The board has already accepted the resignations of Mr Emanuel R. Meyer, chairman of the parent company, Swiss Aluminium, and Dr Bruno Sorato, chief executive officer. Last week, the company has said that they would resign by the April shareholders' meeting "at the

Mr Meyer had not been due to reimproved prices received for its in-tire until 1988, and Dr Sorato at the As had been expected, the new

chairman will be Dr Nello Celio. For the fourth quarter Alcan re-who held that position before join-ports consolidated net profit of US\$, ing the Swiss Government cabinet 3m compared with US\$20m or 20 in 1967.

United Technologies moves slightly higher

been as much as 17 per cent higher fine chemicals, although they in Swiss-franc terms than for the showed only 22 per cent growth to A similar competitive situation increased by as much as 34.5 per confronted the group's perfumes cent last year. This was, however, and flavourings division, where an in part the reflection of business in high-inflation countries of Latin 957.9m is described as considerable in sales to \$15.0hn.

Net income from continuing operations rose by 4 per cent to \$165.9m from continuing operations at the in its final quarter and fully diluted end of December was \$11.7bn, com-SmithKline sales aided in its final quarter and fully diluted by downturn in dollar

diluted earnings per share slipped nesses advanced from \$4.78 in 1984 to \$4.58 in 1985.

fied as discontinued operations for United Technologies is the parent

UNITED TECHNOLOGIES (UT), the 1985 performance as "good" and the seventh largest manufacturing said that they were gratified that company in the US, yesterday recompany in the US, yesterday reported a 5 per cent rise in its net income from continuing operations in 1984, excluding the \$44.6m non1985 to \$636.4m on a 1 per cent rise

recurring tax credit, despite a general corporate profit drop in the US.

caraings per share rose by 2 per pared with \$11.8bn a year ago.

The group's business backlog

For the 12 months, however, fully commercial and industrial businesses advanced at a steady pace

During 1985, UT sold Inmont, a He described the continoed demanufacturer of automotive paints mand for carrier air conditioners end printing inks, finalised the sale and UTC automotive products as of assets of its telecommunications "most positive." Mr Daniell noted business, and sold almost all the assets of Mostek, its semiconductor job" with strong spares sales, offsetsubsidiary. These have been classiting a decline in engine shipments.

reporting purposes.

Mr Harry Gray, UT a chairman, er with Fiat of Italy bid for a stake and Mr Robert F. Daniell, the in Westland, the ailing UK helicopgroup's chief executive, described ter manufacturer.

All these securities having been sold, this announcement appears as a matter of record only.

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Goldman Sachs International Corp.

Hambros Bank Limited

Lloyds Merchant Bank Limited

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Swiss Volksbank

Toronto Dominion International Limited

In the fourth quarter, earnings selves in the final quarter. **Montedison** unit examines takeover move

By Alan Friedman in Milan

META, a subsidiary of Italy's dontedison group, is understood to have expressed interest in acquir-ing all or part of the L800bn (\$478m) of assets held by Europrogramme, the Italian property unit trust which is facing liquidation.

Europrogramme was the flagship of Mr Orazio Bagnasco, the Genoaborn financier who built up the fund by having unquoted share certificates sold door-to-door in Italy. A year ago, as Europrogramme faced a liquidity crisis and criminal investigations, Mr Bagnasco resigned along with his board of directors. The Lugano-based fund was effectively ordered into liquidation

last year when the Swiss federal banking commission decided to end a freeze on redemptions by 75,000 Italian investors. In the meantime a special law has been under consideration in the Italian Parliament to allow investors to opt for cooversion of their Europrogramme units into Italian stockmarket shares.

Meta is the diversified Mootedison subsidiary which last year took control of the BI-Invest industrial and financial group, including important property holdings. Although the Italian property market has been in a slump for the past couple of years Europrogramme's holdings include more than 70 important buildings in Italy.

'CONSTANT HARD WORK WAS KEY TO RESULT'

Fiat performance improves

BY JAMES BUXTON IN ROME

FIAT, the Italian private sector vehicles and engineering group, said yesterday that its performance in 1985 had been "decidedly more sat-isfactory" than the already good results achieved the previous year. Mr Gianni Agnelli, chairman, said in his annual letter to share-

holders that the group's net consolidated profit had passed the psychologically important L1,000bn (\$593m) mark, and that all the company's subsidiaries were now in

Mr Agnelli did not give an exact net consolidated profit figure for 1985 and profits of individual subsidiaries were not disclosed, but in 1984 Fiat produced a net consolidated profit of L627bn. He said that done little fiat's sales had risen from problems. 1985, an increase of 10.4 per cent.

Fiat'a oet consolidated debt fell from LA.043bn at the end of 1984, to 1.2.985bn at the end of last year.

In 1985, Fiat invested L2,450bn, of which L840bn was devoted to re-search and development. In 1984 investment totalled L2,155bn

tinuation of the process of recovery produced positive results. which began in 1980 - were the consequence not of "temporary situa-tions or favourable circumstances, cent in 1985 to L5,241bn, against the background of n European market but of constant and hard work."

higher than that of Italy's competi- the sale of 34,371 vehicles. tors and the state of public finance had worsened. The balance of pay- in turnover from L1,951bn in 1984 to ments and of trade were in heavy 12,135bn in 1985, against the backdeficit, with serious consequences for the level of foreign debt and of reserves. He implied that the Government of Mr Bettino Craxi had done little to deal with these

Fiat's biggest single sector, its car 17 per cent of the European market, division, last year saw its sales rise leading it for the seventh year in by 8 per cent to L13,950hn, accoun-ting for 53 per cent of group sales. The share of the Italian market Consolidated operating profit was beld last year by Fiat Auto, the car up 7.8 per cent at 1.2,135bn and self-financing amounted to 1.2,674bn. cent, compared with 54.3 per cent in pared with 1984. Its turnover rase 1984. The car division invested L860bn in 1985, compared with

had been achieved "despite the per- losses in 1964, at least broke even in cent of the world market.

L961bn in 1984.

sistence of difficult and uncertain 1985, according to Mr Agnelli's generaternal conditions. The results – eral statement that sectors which marked an impressive con-The division's sales rose by 15 per

which improved by an overall 3 per The Fiat chairman stressed the cent. The market in Italy for indusfailings of the Italian economy in trial vehicles rose by 7 per cent, and 1985. Italian inflation was much Iveco gained 61.2 per cent of it, with Fiat's tractor division had a rise

ground of a world market that

continued to show megative

In Europe, demand for tractors was down 2 per cent. Fiat Trattori, the group's tractor subsidiary, won

Fiat's earthmoving equipment sector, led by Fiatallis experienced virtually static sales in 1985, comonly from L1,010bn to L1,048bn in a world market which declined slightly after the recovery of 1984. Fiatallis increased its unit sales of convestment totalled L2,155bn.

Fiat's industrial vehicles division, struction machinery by 6.6 per cent centred on lyeco which made heavy to 6,755 units and claimed 7.8 per

Johannesburg Consolidated Investment Company, Limited

Interim Report for the six months ended 31 December 1985

The following are the unaudito	d consolidated result	s of the Companyand	its subsidiaries:

Consolidated Income Statement	Six	Six		Consolidated Balance Sheet	Stx	Size	
Statement.	months	months	Year		mouths	months	Year
	coded	ended	ended	·	ended	ended	ended
	31 Dec.	31 Dec.	30 June		31 Dec.	31 Dec.	30 June
	1965	1304	1985		1985	1984	1985
50 Atl 4 A	Rm's	Rm's	Rm's		Rm's	Rm's	Rm's
Profit before taxation	99,9	75.3	176,1	Capital employed:			
Taxation	21,8	9.1	_19.6	Ordinary shareholders' interest	577.1	488.7	535.9
Profit after taxation	78,6	66,2	156.5	Preference share capital	011,2	100,1	000,0
Outside shareholders' portion				and premium	56,0	64.0	64.0
of profit	***	0.3	0,2	Outside shareholders' interest	3,8	10,1	5,9
Profit before preference dividends	78,6	65.9	156.3	Deferred taxation	48,1	33,4	43,8
a topeoente presente arracado	20,0	00,0	100,0	Long-term liabilities	82,9	61,5	86,8
				•			
Derived from:					767,9	657,7	724,4
Income from investments	53.5	47,1	107.0	Employment of capital:	:		
Attributable earnings of		1 1	1	Investments, loans, marketable			
operating subsidiaries	12,9	10.4	22,7	properties and mining			
Other net revenue	12,2	8,4	26.6	prospects	458.2	391,6	417.3
Preference dividends	3,3	3,7	7,2	Fixed and mining assets.	281,1	261,0	280,7
			- 7,-0	Net current assets.	23,6	5,1	26,4
Profit attributable to ordinary shareholders	75.3	62,2	380.1		767,9		
Ordinary dividends	24,0	14,7	149,1	••	707,5	657.7	724,4
			64.5	Netasset value per share			
Retained profit	51,3	47,5	84,6	(based on market valuation of			
Earnings pershare	1 022c	845c	2025c	listed investments at 31	•		
Dividends per share	325c	200c	875c	December 1985 and directors'			
Number of ordinary shares	0-0-0		0.00	valuation of unlisted investments			
in issue 7	373 800 7	979 900 2	7979900	at 30 June 1985)	R357	R269	R288

- 1. Profits attributable to ordinary shareholders at R75.3m were R13, 1m or 20,9% higher than for the corresponding period of last year. Income from investments rose by R6,4m, other net revenue increased by R3,8m as a result of an improvement in the level of fees received and much better conditions in the money market, and profits earned by operating subsidiaries, primarily Tavistock Collieries Limited, increased by R2,5m.
- 2. In recent years the disparity between the interim and the final dividends has widened and the increase in the interim dividend from 200c to 325c is intended both to reflect the improved results and to reduce that disparity.
- 3. The Company's interest in profits retained by non-subsidiary popules in which it has substantial investm R16,3m(1984-R10,5m)or 221c per share (1984-142c). These actained earnings are net of any dividends received from the above companies during the past six months, and the pattern of dividend payments of these companies results in the greater portion of retained earnings accruing in the second half of the financial year.

4. Particulars of the Group's capital expenditure are as follows:

31 Dec. 31 Dec. 30 June 1984 1985 Rm's Rm's 5. There are no material changes in contingent liabilities from those

disclosed in the latest annual report.

6. In terms of the provisions of the Share Option Scheme, options to subscribe for or purchase a total of 173 500 ordinary shares were granted to nominated executives on 25 October 1985 and 2 December 1985, at prices ruling on the Johannesburg Stock Exchange on 24 October 1985 and 29 November 1985

> On behalf of the board G. H. Waddell | Directors

Dividend No. 120

An interim dividend (No. 120) of 325 cents per share in the currency of the Republic of South Africa has been declared payable to holders of ordinary shares in respect of the year ending 30 June 1986. Last date for registration.....

7 February 1986 Registers close (dates inclusive) from 8 February 1986 14 February 1986 Currency conversion date

(for payments from London) 24 February 1986 Date of payment.... 10 March 1986 The dividend is declared subject to the customary conditions which may be inspected at or obtained from the Company's

Johannesburg office, the office of the London Secretaries (Barnato Brothers Limited of 99 Bishopsgate, London, EC2M 3XE) or the London Bearer Office of Hill Samuel and Company Limited, 45 Beech Street, London EC2P 2LX. Holders of share warrants to bearer should present Coupon No. 120 to the London Bearer Office. South African Non-Resident Shareholders' Tax at the rate of 12,97. per cent and United Kingdom Income Tax will be deducted from the dividend where applicable.

By order of the board M. J. Mever

Head Office and Registered Office:

Consolidated Building, cnr. Fox and Harrison Streets, Johannesburg 2001 (P.O. Box 590, Johannesburg 2000)

21 January 1986

This announcement appears as a mauer of necord only



Oesterreichische Kontrollbank Aktiengesellschaft

US\$ 500,000,000

Eurocommercial Paper Programme

Guaranteed By

The Republic of Austria

Dealer - Managers

Bankers Trust International Limited

Banque Paribas Capital Markets Limited

Orion Royal Bank Limited

Swiss Bank Corporation International Limited

American Motors Overseas Corporation N.V.

6% US-Dollar Bonds due 1992 Notice is hereby given to holders of the above Bonds that the redemption instalment of \$1,500,000 due on April 1, 1986 has been entirely effected by application of Bonds surrendered

There will be no drawing by lot. Willemstad, Curação in January 1986

AMERICAN MOTORS OVERSEAS

U.S. \$60,000,000

Industrias Peñoles, S.A. de C.V.

Floating Rate Notes Due 1989

Interest Rate Interest Period

10% per annum 22nd January 1986 22nd April 1986

Interest Amount per U.S. \$10,000 Note due

U.S. \$250.00 22nd April 1986

Credit Suisse First Boston Limited

INTL. COMPANIES and FINANCE

Caterpillar Tractor pulls back into profit

CATERPILLAR Tractor. the world's largest earthmoving equip-ment manufacturer, hauled itself traordinary gain from the sale of itability also reflected its conti back into profit last year after three years of heavy losses. It forecast moderate profitability in the current 12 months.

Net income for 1985 amounted to \$198m, or \$2.62 a share, against a loss of \$428m, or \$4.47 a share, in the previous year. Sales rose to \$6.73hn from \$6.58hn.

Last year's results were helped 1983. the Turbomarch division of its solar turbines subsidiary and a \$209m benefit from inventory adjustments

Caterpillar said its return to profcost reductions resulting from its

consolidation programme. Although the group's target of a under the last in, first out system of 32 per cent cost reduction from its 1981 standards by 1985 was not met, accounting.

In addition, Caterpillar acknowledged net currency exchange gains
of \$89m, against a \$25m exchange
loss in 1984, while reorganisation

accounting.

it achieved "significant" cuts, and
was pressing ahead with more with
the aim of becoming "the lowestcost producer in the industry based In the fourth quarter, earnings came to \$87m, or 88 cents a share, against a loss of \$251m, or \$2.60 a share, while sales rose to \$1.81bm from \$1.660n.

Share, while sales rose to \$1.81bm from \$1.660n.

Share, while sales rose to \$226m in 1984, and \$112m in plays 175 people. on value provided." As part of those

Pennzoil 'would insist on own

identity in any Texaco merger'

ANY MERGER between Texaco er proposal, which Pennzoil's board that Texaco improperty induced rejected on January 7, as "a low-ball Getty to break its previous merger offer — so low as to be foolish or agreement with Pennzoil. Texas consisting of Getty Oil would have to allow Pennzoil to maintain its separate identity, according to new talks between the two compaits separate identity, according to Mr J. Hugh Liedtke, the company's

In an interview with a Dallas newspaper this week he said: "Pennzoil is not interested in any proposal where its current board of directors will not control the finan-cial destiny of Pennzoil sharehol- York federal court is to consider ders and be in a position to assure whether to extend its one-month

new talks between the two compa-nies were currently scheduled, al-though reports in New York suggest that negotiations might be res next week in an attempt to reach a settlement before February 10.

meaningful careers to all of its em- waiver of the \$12bn bond required ployees." under Texas law, pending an appeal He describes Texaso's cash merg-against a Houston jury's findings

Teraco has said that posting a bond of that magnitude would force it to file for bankrupicy and deny the company its constitutional right of appeal. Further constitutional issues have arisen with the intervention of Texas Attorney General Jim Mattox, who has filed an appeal against the ruling of US district judge Charles Brieant that Texaco need post only a 51km bond.

US stores group acts to boost earnings

FEDERATED Department Stores the biggest US department store chain, has announced a series of moves to consolidate its sprawling empire in a bid to improve its recent sluggish earnings perfor-

mance The group, which operates 589 stores ranging from Bloomingdales in New York to L Magnin in California, said that the moves, which will result in a fourth-quarter charge of \$25m, are designed to enhance effectiveness and efficiency at both the division and corporate level."

The most visible move is the merger of the group's two Midwest store chains. Lazarus and Shillito Rikes, into a single 31-store chain under the Lazarus name which will be headquartered in Cincinnati. The new Lazarus division bears the name of Federated's premier founding family and in terms of numbers of stores will be the largest in the group although in terms of annual sales of \$850m will be slightly smaller than Bloomingdales. Mr Douglas M. Thomsen, chairman and chief executive of Shillito Rikes, will head the new Lazarus

division. Federated is also merging its two MAS merchandising divisions -Gold Circle and Richway - into a new group which will be the largest mass merchandising unit in the US with annual sales of over \$1.1bn. It will be headquartered in Columbus.

The group is also reorganising its

North American quarterly results

rest products		CENTRAL & SOUTH WEST			Housing products			HORTSTERM THUST			
ourth quarter 19		Fourth quester	1905	1984	Fourth quarter	1985	1984	Fourth quarter	1985	1884	
per stere	45 2.23	Revenue	2.75a 375.5a 3.61	79m 0,75 2,65m 353,7m	Revenue Net por elsere Year Revenue Net profits Net profits	3.8m 0.18 811.8m 26.1m 1,37	186.9m 7.3m 0.40 786.9m 33m 1.82	Revense Het profits Het per share Year Assets (year-ond) Het profits Het per share	7.5hn 34.1m 6.20	5.5m 0.93 7.23bn 22.4m 4.06	
cas & Trecker chine took	. :: ; ;	Chincolly Pith import US tyre (proup		Henr Prigging company	er:		SOCAL EDISON			
profits	5m 2.4m 21 0.20	Year Revenue	1905 3,0250 48,841 2,22	2.25n 31.5m 1.43	Fourth quarter Revente and received Not per share	31.0m	1964 3 27,4m 1.14	Fourth quarter Revenue	1985 \$ 1.27bn 173m 0.71	1984 \$ 1,270m 167m 0,70	



New Zealand

£200,000,000

Floating Rate Notes 1997

Comprising an initial issue of £100,000,000 in August 1985. and a further issue of £100,000,000 in December 1985

> $_{M}\mathcal{H}_{1}\rightarrow\mathcal{L}\mathcal{H}_{2}^{2}(\mathbb{R}^{N})^{-1}\cdots^{-N}$ S. G. Warburg & Co. Ltd.

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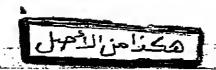
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Late rush of Eurodollar deals

A FIRMER opening in the New trading well above the issue well above par with some for Swedish Export Credit York bond market brought o price. Iste flurry to the Eurobond market. Prices were ahead by by Citicorp Investment Bank around } points yesterday and o rush of issues appeared in the

The rally belped an issue Merrill Lynch launched in the morning for its parent. The \$200m deal, which bad been increased from \$150m, has o bonds wer short three-year maturity, total fees. usually difficult to sell to investors. But a yield margin over US Treasury bonds of 69 basis points, including the 13 per cent fees l,ooked reasonable for the AA rated name. The coupon is 9 per cent and issue price 100] and the bonds were trading just within the total

The afternoon brought fixed-rate issues from the European Community and TRW, the US diversified industrial products group, and a warrants-only issue from Nederlandse Gas-unie. This last, led by Morgan Stanley, givee investors a yield during the first two years, during which time the warrants cannot be exercised, and then gives the right to buy, during the next three years on 11 per cent bond due in 1991 at par.

BY ALEXANDER NICOLL

in the underlying equities.

It is the latest in a series

take of newer areas of the international capital markets. Last week Gortmore, another management group, introduced

others include D-Mark, yen and

of moves by London investment equities. But the new stock groups designed to take advanindex sub-fund is designed to

a fund investing only in lower cost and avoiding stock equity warrants issued by Japanese companies. There have also been several hased on investments denominated in European currency units (Ecus).

Chiesen traded stock index

The \$150m EC issue was won against competitive bidding. The terms were fixed at a fiveyear life with a 81 per cent coupon and 1001 issue price. Fees are 17 per cent giving the borrower a cost of 18 basis points over Treasury yields. The bonds were trading around the

TRW's issue for \$100m was led by Morgan Guaranty. The seven year bonds have a 91 per cent coupon and a par issue price. With fees of 17 per cent the borrower's cost is 82 basis points over the US Treasury yield curve. The bonds were trading just within the com-

New issue activity in the other currency sectors also picked up. The D-Mark market which has been short of deals so far this year, had three issues. Swiss Bank Corporation's West German subsidiary made its debut as a lead manager in the D-Mark sector with a DM 200m equity linked issue for its parent. The bonds have a 10-year life and a 24 per cent coupon, and are issued of par.

The fund does not invest in

provide investors with a bigher income than would normally be

obtainable through direct investment in US equities, at a

F&C launches stock index futures fund

FOREIGN AND COLONIAL, to seek a London Stock of their value, up to 95 per cent to seek a London Stock of their value, up to 95 per cent to seek a London Stock of their value, up to 95 per cent ing broker. Among other issues raised were the differing risk today what is believed to be the first UK-managed fund investing only in US stock index is more likely to oppeal to off ments.

It took F & C several months

Chicago-traded stock index futures are one of several new types of investment being added to F and C's \$35m Reserve Asset Fund, now including portfolios mainly of dollar and sterling investments. The serve and sterling investments. The chicago mercanule expanding of Volume Investors, a New York Comex member firm Market Index of 20 blue chips. The fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of temporarily frozen, may have traded on the Chicago Board of the profile of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund may hedge the risks temporarily frozen, may have traded on the Chicago Market Index of 20 blue chips. The fund may hedge the risks temporarily frozen, may have traded on the Chicago Market Index of 20 blue chips. The fund may hedge the risks temporarily frozen, may have traded on the Chicago Board of the fund o

around 1081. Bank, have a seven-year life today.

and the expected coupon is \$\frac{3}{2}\$
per cent. Issue price is par.

Detaile of the warrants will be set when the issue is formally

A\$40m

launched tomorrow. Dresdner Bank announced a DM 150m private plocement for Ireland with a 10-year life and a within the 2 per cent fees, though some dealers considered

the terms a little tight.

The secondary market was still very quiet with prices steady to slightly firmer.

Traders are looking to the currency to belp the market.

Walt Disney is o well-known name among investors, which should belp o Y10bn deal launched yesterdoy by Bank of America. The 10-year bonds have a 6f per cent coupon and 99f nnly f point below its issue 100f issue price, terms seen as price. slightly oggressive although the

to notain approval from the Jersey authorities for the scheme. Although many funds

use futures and options to back

up their investments in under-lying instruments, this was the

first application to use futures

Among the risks which aroused the authorities con-

cern was that the fund could be over-exposed to the possible

be over-exposed to the possible failure of individual brokerage firms through which it routed its business. Last year's failure of Volume Investors, a New York Comex member firm whose customers' funds were temporarily frozen, may have contributed to such worries.

. Since investment in futures cent of the total margin pay- or make delivery of an actual requires an np-front margin pay- ments put up by the sub-fund portfolio of stocks.

(SEK). The issue of Y10.14bn Another Issue with equity is of 10-year non-callable bonds warrants, which are popular at paying a 61 per cent coupon present, is expected for Pirelli, and priced at 102. Fees total the Italian tyre company. The 2 per cent. Another, related DM 100m of bonds, led by BHF- issue from SEK is expected issue from SEK is expected

The Euro-Australian market received a new deal led by CIBC for Banco di Roma. The A\$40m five-year issue has o 142 per cent coopen and a 100 issue price. The bond is connected to a swap into floating-6] per cent conpon. Issue price force behind many such issues is par. The bonds were trading The issue was quoted at o discount of oround 11 points, within the 2 per cent fees.

Another Euro-Australian issue is expected today for SAS to be led by Morgan Stanley.

The Swiss franc market was quiet yesterday with secondary market prices mixed in fairly low volume. Kyushu Electric Power's SFr 100m eight year issue, with a 5½ per cent coupon ended its first day'e trading at

No new issues were launched proceeds are not being but Credit Suisse set terms for swapped. The bonds were bid the World Bank's 30-year at a 2 point discount, equal to SFr 250m issue. The yield was The 75,000 warrants are priced

The attached warrants give the fees.

The attached warrants give the the fees.

The cut slightly from an indicated 51 per cent to 5.517 by fixing

borrow np to 25 per cent of its net asset value for additional

investment, but is unlikely to borrow more than 10 per cent.

P & C is unlikely to allow the extent to which the sub-fund is long of stock index futures to drop below 90 per cent of net

The sub-fund, which aims to

outperform the Standard &

Poors index of 500 large stocks,

will invest in S & P 500 futures and options traded on the

Chicago Mercantile Exchange, and futures on the Major Market Index of 20 blue chips, traded on the Chicago Board of

December, 1985

asset value.

Generous terms on \$233m loan for Turkey

By Peter Mentagnon,

TURKEY HAS launched 233m, eight-year credit in the Euromarkets to belp finance construction of o 420 MW hydroelectric power station at Kay-raktepe on the Goksu river in the south-central part of the country.

The credit, to which the World Bank will contribute \$33m under its co-financing scheme, is expected to be the country's only large mediumterm loan this year.

The mandate for the deal has been awarded to Arab Banking Corporation, which agreed to underwrite the full amount after a fierce bidding process among international banks. The credit will bear interest

at a margin of 11 per cent over the London interbank offered rate for Eurodollar deposits (Libor) for the first three years, rising to 11 per cent thereafter. Repayments begin after a grace period of five years.

Initiol reaction in the market was that the terms looked generous, given Turkey's recent success in floating short-term credits for its central bank and for T. C. Ziraot Bankasi, the hanking concern. The margins are also higher than those paid on debt reschedulings by several leading developing

country borrowers.

But bankere say they regard deal be conspicuously successful it, as important that the new deal be conspicuously successful, given the slow response to a \$500m loan facility led by Cittbank last

year.
The deal will provide only part of the funds needed for the project, which will cost a total of \$738m. Also expected soon is a yen credit for \$117m equivalent, for which the World Bank will put up \$17m. The World Bank's share in both credits will have a life of 10 years, extending the final maturity of the borrowing. Separately the World Bank is

contributing \$200m on its own account while the Turkish government is providing the balance of the financing needed.

Electronic trading for Swiss SEs

By William Dullforce in Genev SWISS STOCK exchanges hope to instal and start an electronic system for trading options in hares before the end of this year-considerably earlier than originally planned. A steering committee, set up

by the tripartite commission

which is co-ordinating modernisation of the Zurich, Geneva and Basie stock exchanges, has set a deadline of the end of March for a project team to

present it with a short list of possible systems.

The project team has been studying some 20 schemes, including the highly successful computerised system started in Stockholm last year by Carnegie, the Swedish investment and brokerage company.

The Zurich stock exchange announced last May that It was considering a programme for considering a programme for the introduction of traded options and financial futures. A decision bas since been taken to start with share options and

initially to instal an electronic system off-exchange to serve all three exchanges.
In the longer term options trading would be integrated with the operations of the stock

DOMESTIC BOND MARKETS

Prices bounce back in Tokyo

Yen bond prices recovered sharply in Tokyo from yesterday's falls due to firm US bond futures in Chicago, a sborp fall in the price of oil and speculation that the US fourth-quarter GNP figure, due today, may be revised downwards.

In over-the-counter trading, the yield on the benchmark No.

the yield on the benchmark No.
78 6-2 per cent government
bond issue edged down to 5.78
per cent from 5.87 per cent.
One of the four largest domestic securities houses moderately bought the No. 78

Average price changes...

DEUTSCHE MARK

STRAIGHTS...

Seved Asian Oav. Bank 0 94 200

Austria Republic 72, 94 200

Sexter Travenel 73, 95...

150

Copenhagen 73, 95...

150

Credit National 94, 94...

200

Dow Chemical 04, 95...

150

El 75, 94...

150

El 75, 95...

150

El 75, 95...

150

Misbahl. H. 37, 89 WW 300

Misbahl. M. 37, 89 WW 700

Misbahl. T. 75, 87 WW 700

Soc. C. Nuclear 79, 87 WW 700

Soc. C. Nuclear 79, 87 WW 700

Average price charges...

SWISS FRAMC

Average price charges... O

SWISS FRAMC

STRANGHTS

Avon Cao. Con. 5½ 94 130

8t. Land Comp. 0½ 99 75

Council of Europe 6 92 120

Creditanatai 5½ 34 ... 100

Dautriche 8k. 5½ 95 ... 100

EIB 5½ 94 100

EIB 5½ 94 100

EIB 5½ 94 100

EIB 5½ 94 100

Ind. F. Finland 5½ 94 ... 100

Ind. F. Finland 5½ 94 ... 100

Int. Am. 0v. 8k. 6½ 94 120

N. Zeelond Steel 5½ 95 ... 100

Oboros. Kitwk. 5½ 95 ... 100

Oboros. Kitwk. 5½ 95 ... 100

Popusico 5½ 95 ... 100

EIB 5½ 94 ... 125

Safitoe Finance 8 84 ... 130

Tokyo Elec. Pr. 5½ 93 ... 120

Tokyo Metropolie 5½ 94 ... 150

Average grice changes... 0

Caisan Nat. Tel. 64 92 Goodyeer T. & R. 74 95 Mt. Bk. Denmark 7 92 Caisen Nat. Tel. 64, 92 25 Goodyeer T. R. 77, 95 25 Mt. 8k. Denmark 7 92 10 New Srunawick 77, 95 10 Swed. Eag. Crod. 0 90 14

Frankfort lacks clear direction

In Frankfurt, public authority in Frankfurt, public authority bond prices ended bourse trading steady after thin trading, with both foreign and domestic investors unwilling to open fresh positions ahead of the reopening of the US mar-kets today after the long week-

Both long and short maturities fluctuated between losses and gains of 10 prennigs. "There factors to give bond markets a clear direction," said one

Bundesbank after buying DM 6.2m yesterday. The recent 1995 61 per cent and loan stocke rose five and 20 pfennigs to 101.40 and 103.10

Nomura's change at top heralds fresh approach

A SIX-FOOT high ice sculpture of the world slowly melted yes-terday as Nomura Securities presented its new president to 1,000 or so of its closest friends and clients at a sumptuous party.

The centre of ottention was Mr Yoshihisa Tahuchi, who last month became president of Nomura, Japan's largest securities house and one of the biggest ties house and one of the biggest securities companies in the world. Trailed by a young woman with a wicker basket filled with his name cards. Mr Tabuchi yesterday showed the case of a man who has spent most of his life selling. At 53. Mr Tabuchi is the youngest leader of a major Japanese financial lustitution. Alreody, he is showing a willingness to be just a little bit different.

"This business is always the challenge of tomorrow and the

challenge of tomorrow and the unknown," he says. "In order to meet this challenge, we have to bave creativity, strong leader sbip and strong action-oriented people." Earlier, asked for his business motto, Mr Tsbuchi replied: "I've always liked a saying by Sir Winston Churchill that goes something like." hat goes something like: People who dwell on past glories will lose the future."
In recent years, Nomura has bad a few gloriee to dwell on. bad a few gloriee to dwell on. For the yeor to last September, group pre-tax profits jumped by 52 per cent to \$1.2bn on total revenues up 35 per cent to \$2.9bn. Net income rose 52 per cent to \$548m. The company, of course, has been riding high on the buge flow of investment that out of tones to higher



keep up the pace

him, but remains confident that International investments by International investments by the Jopanese will remain a growth business. As for the management of his company, be also has a few ideas there. "Today, there is a financial revolution going on. That means that the world isn't waiting for Nomura . . . It's true, in Japan, group and consensus decision

caviar yesterday were wondering whether Nomura can open about some of the possibly keep up the pace.

Mr Tabuchi does not make about the Tokyo financial light of the challenges ahead of markets. For example, mony complain that eager Nomura salesmen will generate enthusiasm for a stock or sector, only to get their best customers in on the beginning of the stock's climb. Less fortunate investors, critics Less fortunate investors, critics cloim, are left out in the cold. Mr Tabuchi fistly denies that the practice exists, but ocknowledges that the Tokyo stock market is very volatile, lorgely because of the high proportion of closely-held ehares.

Mr Tobuchi reckons that about 70 per cent of Tokyo's shares are illiquid, that is shares are illiquid, that is closely held by investors, such as banks which have a close relationship to the company.

"Eventually, these close shares will be released." he elaims.

"Now by being a chareholder Now, by being a ebareholder in Japan, you enjoy a business relotionship, not just o divi-dend. But in a more competitive environment, this will grodually

change." The Nomura chief also sees an end to the fixed commission in Japon-" gradually." As for the imminent entry of foreign firms on the Tokyo Exchange,

he says he welcomes the competition.

He plans to stay in close touch with the morket, despite his promotion. "I feel unersy when I'm secluded from market \$2.9bn. Net income rose 52 per cent to \$548m. The company, of course, has been riding high on the buge flow of investment funds ont of Jopan to higher interest-bearing investments mainly in the US. More than a few of the guests crunching on investments of the guests crunching on the consensus decision to consensus decision has been interest decision making are conventional, but the morket, despite his promotion. "I feel unexy when I'm secluded from market information. I'm more eetiled when the phones ore ringing. I don't believe only in printed data, feelings ore very important, and the company of these things are conventional, but his promotion. "I feel unexy when I'm secluded from market ocspite his promotion. "I feel unexy when I'm secluded from market information. I'm more eetiled when the phones ore ringing. I don't believe only in printed data, feelings ore very important."

Euro-equity issue for property group

BY JOHN WICKS IN ZURICH

INTERSHOP PROPERTIES, a Panama-based company investing in U.S. property, is to make a Euro-equity issue and list the shares on the Zurich over-the-

Bank of Switzerland (Securi-ties) and will be in the region of US\$15m. At the company's last general

meeting authorised capital was increased from \$40m to \$100m. counter market. increased from \$40m to \$100m.

The issue wil be handled by Present paid-up capital amounts a consortium led by Union to \$31.75m.

The company, which has investments in American com-merciol real estate, was formed in 1981 by the Zurich-based property developer Intershop Holding, Union Bank of Switzerland, and the insurance groups Winterthur and Allianz

FT INTERNATIONAL BOND SERVICE

								_
Listed are the 200	latest	international bonds for	which	there is an adequa	ite se losin	condary g prices	market. on Janus	гy
 US DOLLAR STRAIGHTS Amev 10 ¹ / ₂ 82	100 100 253 200 100 150 100 150 100 75 100 600 200	Charge on End Office day week Yield 102½ 102% +0½ +0½ 9.81 102½ 102% +0½ +0½ 9.81 102½ 105 +0% +0% 0.44 88% 88% 88% +0% +1% 0.85 108% 108% +0½ +0½ +1% 9.90 106% 108% +0½ +0½ +0% 9.85 108% 108% +0% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 100% 108% +0% +0% 9.85 101% 108% +0% +0% 9.85 101% 108% +0% +0% 9.85 101% 108% +0% 9.85 108% 108% 108% 108% 108% 108% 108% 108%		O'THER STRAIGHTS Barclaya Au. 124 90 AS Barclaya Au. 124 90 AS Fappico C. R. 13 90 AS Swad, Ex. Cr. 13 88 AS Amest. 104 90 CS LIBC 104 90 CS CIBC 104 90 CS Genstar Fig. 114 95 CS Montreal 114 95 CS Montreal 114 95 CS Sears Acc. 104 92 CS Clayaler F. C. 17 90 NS COP 194 91 NS	50 50 50 40 5075 75 75 76 55 65	Bid Offer 22's 53's 56's 57's 100's 101's 97's 58's 102 102's 198's 99's 198's 99's 105's 106's 105's 106's 97's 57's 199's 99's 95's 97' 95's 97'	Change or day week 4 + 0 1 + 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	7 YE 10 10 10 10 10 10 10 10 10 10 10 10 10
Core Cola 113 51	100 100 100 100 225 350	106*, 107*, +02*, +04*, 10.05*, 106*, 107*, +04*, +05*, 9.38*, 106*, 106*, +0*, +0*, 9.38*, 106*, 106*, +0*, +0*, 9.81*, 107*, +0*, +0*, 9.81*, 107*, +0*, +0*, 9.81*, 107*, +0*, +0*, 9.81*, 106*, 106*, +0*, +0*, 9.24*, 106*, 106*, +0*, +0*, 9.3*	2	Credthk, Lux. 17 88 MS Saywr Vrna. Bt. 88 Ecu Chrysler C. 9 92 Ecu Cerox Can. 8'2 90 Ecu Henda WW 3'5 90 Fl Florida XW 3'5 90 Fl Tayssen 7'8 90 Fl	70 70 40 100 100	100% 101% 97 87% 98% 99% 104% 105% 90% 90%		780255
TEC 11.5 Of tomittemptet		100 1 100 1 TO 3 TO 2 3.70		Membrihana 71, 90 Fl.	75	3023, 103	0 -0-	

billione. Changa en week - Change ever once a week earlier.

Floating Rate Notes: Denominated in delibra unless otherwise indicated. Coupon shown is minimum. C due Date next coupon becomes effocitivo. Soroad - Margin abeve eix-month obered rate (‡ three-month; § ebove commen rate) for US dollere. C.c.on - The current coupon. Convertible Bonds: Ceneminated in dollers unloss etherwise indicated. Chy. doy - Change on dey. Cnv. determines indicated chy. doy - Change on dey. Cnv. determines indicated chy. doy - Change on dey. Cnv. determines indicated chy. doy - Change on dey. Cnv. determines indicated chy. doy - Change on dey. Cnv. determines indicated chy. doy - Change on dey. Cnv. determines indicated chy. On the conversion of the fixed at tasse. Prem - Percentage oremium et the current effective grice of acquiring shares via the bond ever the meat recent grice of the eheids.

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All these securities having been sold, this announcement appears as a matter of record only. New Issue

AJINOMOTO CO., INC

(Ajinomoto Kabushiki Kaisha)

U.S.\$120,000,000

5% PER CENT. BONDS DUE 1990 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF AJINOMOTO CO., INC.

ISSUE PRICE 100 PER CENT.

European Tranche of U.S.\$80,000,000

The Nikko Securities Co., (Europe) Ltd.

Nontura International Limited Daiwa Europe Limited Banque Paribas Capital Markets Limited Crédit Lyonnais Deutsche Bank Capital Markets Limited

Kleinwort, Benson Limited

Morgan Stanley International Mitsubishi Finance International Limited Barclays Merchant Bank Limited

Dai-Ichi Kangyo International Limited Fup International Finance Limited Mitsubishi Trust & Banking Corporation (Europe) S.A.
Uniou Bank of Switzerland (Securities) Limited Swiss Bank Corporation International Limited Yamatane Securities (Europe) Ltd.

Asian Tranche of U.S.\$40,000,000

Daiwa Securities Co. Ltd.

Singapore Nomura Merchant Banking Limited **Merrill Lynch Capital Markets BOT International (H.K.) Limited Jardine Fleming International Limited** Mitsubishi Finance (Hong Kong) Limited Standard Chartered Asia Limited

The Nikko Securities Co., (Europe) Ltd. Dai-Ichi Kangyo Finance (Hong Kong) Limited The Development Bank of Singapore Ltd Kuwait International Investment Co. s.a.k.

Wardley Limited

The National Commercial Bank (Sandi Arabia)

United Merchant Bank Limited

INTERNATIONAL COMPANIES and FINANCE

Honda lifts. consolidated earnings by 28%

By Yoko Shibata in Tokyo

HONDA MOTOR of Japan achieved a 28.1 per cent rise in consolidated net profits to Y116.41bn (\$575.3m) in the nine months to last November, a performance which was attributed to strong sales in Japan and the US and a Y14.30 drop in the yen's average exchange rate against the dollar

over the period.

This offset a substantial increase in remarch and development spending and other sales

Honda noted, however, that third-quarter earnings from ita overseas subsidiaries — which bave a year ending in December —cover operations from July to September, during which period the impact of currency move-ments on earnings was rela-tively minor, a greater impact is-foreseen for the fourth quarter due to the weakening of the dollar syainst the Yen. Even so, group net orofits in

the three months to November began to alow down, with only a 3.3 per cent gain to Y33.92bn, on sales of Y656.82bn, up 8.3 per cent.

Nine-month sales rose 10.8 per cent to Y2,163.8bn of the total, 70.5 per cent came from overseas markets.

Marcos calls off merger of two banks

By Samuel Senoren in Manila

PRESIDENT Ferdinand Marcos of the Philippines bas called off the planned merger of two state banks, Philippine National Bank (PNB) and Development Bank of the Philippines (DBP) in what appeared to be a turn-about from a commitment made last year to the Inter-national Monetary Fund and the World Bank.

Instead, the two banks will be allowed to continue operations independently but will transfer all their non-performing accounts to the Government, in order to aid their return

These accounts, estimated at more than 100hn pesos (\$5.24bn), represent as much as 70 per cept of their total BHP INCOME BOOST FOR HOLMES à COURT

Bell Resources trebles net profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MIM Holdings returns to

MIM HOLDINGS, the big push MIM back into the black. Queensland coal and copper the company is paying a first mining group, saw an abrupt turnround in the 24 weeks to balf dividend of two cents per turnround in the 24 weeks to balf dividend of two cents per parable period was omitted profits of A\$30.8m (US\$21.3m) against a first-balf loss of A\$26.5m the previous year.

Reveous was 21 per cents.

the black at six months

BELL RESOURCES, one of the companies controlled by Mr Robert Holmes à Court, the trebled net profits last year, to reach A\$104.2m (US\$71.9m) compared with A\$34.9m in 1534. A final dividend of 7.5 cents share boosts the total payout from 12.5 cents to 15 cents per

In addition, there will be a one-for-five bonus issue, despite a share split two months ago, and this will qualify for the dlvidend. In Sydney, Bell Resources' shares surged 50 cents to a closing A\$6.50.

BY OUR SYDNEY CORRESPONDENT

Reveoue was 21 per cent ahead at A\$633.8m although the company said the improvement

was not due to any significant pick-up in metal or coal prices.

Conversely, cost-cutting and

Bell Resources is the energy in the previous year. offshoot of Mr Holmes à Court's Bell Group. Its biggest bonanza businessman, elmost last year was investment in-net profits last year, to come, which rose from A\$22.5m A\$104.2m (US\$71.9m) to A\$135m, thanks mainly to the company's 18.5 per cent effective stake in Broken Hill

cluded in the 1986 accounts. This figure compares with a loss on other activities of A\$5.1m

For some weeks the market has been expecting a fresh Bell foray into BHP—a manoeuvre that may now have moved closer

level of profits achieved by the potential predator in 1985. In addition. Bell Resources equity-accounted its BHP profit entitlement, but will include a supplementary statement.

all shareholders, plus holders of convertible notes, partly paid shares, and options.

. Other major Bell investas a result of the exceptional stake in the huge Utah coal operation in Queensland, and a royalty on Bass Strait oil pro-duction. Turnover for the year .A\$144.8m

Extraordinary profits annual report, BHP's net A\$1.7m further expanded the profit is currently running at attributable result, but these an annual rate of A\$1bn-plus. were far short of the A\$77.1m The latest bonus issue from in non-recurring earnings re-Bell Resources will apply to corded last time.

Chase may pull out of Egyptian joint venture

ture bank in Egypt.
The bank stressed, bowever, that no final decision bad been

made, although it was engaged in a review of its worldwide operations.

Mr Fraser Seitel, the company's public affairs director in New York, confirmed that dis-cussions bad been in progress for some time with the Chase's

CHASE MANHATTAN BANK Bank of Egypt, which is the of the US is considering divesting itself of a 49 per cent share in Chase National, a joint vening the commercial bank.

Mr Seitel described the joint

venture Chase National Bank of Egypt, which has total assets standing at more than \$200m. as a "good solid business." The divideod received by Chase In 1984 on net profits of about \$20m was a modest \$1.5m.

Late last year it decided to close its operation to Jordan, where it had one branch
The Egyptian joiot venture was established in 1975.

ore interests of the Obio-based Cleveland-Cliffs. Robe River the depreciation of the produces more than 15m tonnes Australian dollar helped to of iroo ore annually.

Abdullah resignation widens rift at Promet BY WONG SULONG IN KUALA LUMPUR

HOPES OF a compromise between Datuk Brian Chang of Singapore and the Mobamed brothers of Malaysia in order to avert a clash for control of the oilrig and coostruction group, were dashed yesterday with an announce-ment by Dato Abdullah Mobamed that he has designed from the Promet board because of policy differences.

The resignation came just two days before an extraordinary general meeting, requisitioned by two sharebolders sympathic to Datuk Chang, who is Promet's managing director. The meet-ing will seek to dismiss Tan Srl brahim Mohamed, Dato Abdullah's hrother, as the group's chairman.

Dato Abdullah yesterday con-ceded that Datuk Chang was likely to get his way at the EGM on Thursday, but he gave strong

spill over to the political arena and the courts. The Mohamed brothers are politically well connected.

Australia's Peko-Wallsend is spending US\$54m to ralse its stake in the Robe River iron ore project—the world's fifth largest—from 35 per cent to almost 51 per cent, by buying all the Western Australian iron

Datuk Mak Kok, a close associate of Dato Abdullah, is currently suing Datuk Chang over an alleged promise to sell 100m Promet sbares to bim in exchange for sbares in various companies, including Selangor Properties, of which Tan Sri Ibrahim is a major shareholder. Datuk Chang has denied he has made such a pledge.

The Mohamed hrothers, widely regarded as examples of dynamic Bumiputra (Malay) husinessmen, hold about 11 per cent of Promet, while Datuk Chang and his family control between 30 and 40 per cent of Tan. Sri Ihrahim and Datuk

bints that the battle for Promet Cbang took over Promet in 1980 was far from over, and could and soon transformed it into spill over to the political arena one of the glamour stocks on exchanges. However, the partnership became strained 18 months ago because of con-flicting management styles, aggravated by several ill-timed investment decisions and shrinking profits,

Dato Abdullah, who was joint managing director until a month ago, said his resignation was prompted by disagreements over policies on employment, award of subcontracts, pur-chase and procurement, the implementation of the Langkawi Island tourist project and disclosure of management infor-

He said Singaporeans were given preference to Majaysians 1.08bn ringgit and ranked 14th in employment, orders and conon the Kuala Lumpur stock tracts. The Laugkawi project, exchange

estimated to cost more than US\$1bn, was being held back because Promet wanted to the Malaysian and Singapore control all aspects of its develop ment: Instead of decentralising and farming out opportunities to investors, Dato Abdullah

He also criticised Promet's decision to go into oil explora-tion because it had little experience in that field: So far, the group bas invested 100m ringelt (US\$40m) in exploration in China, Indonesia and Malaysia with very modest results.

Promet shares have been in virtual free-fall over the past two years and currently sell at group a market capitalisation of just over 200m ringgit. At the end of 1983-it was capitalised at

Bombay SE intervenes to stem price surge

BOMBAY Stock Exchange uthorities have intervened in the market for the first time in more than two months to stem a surge in share prices that bas built up in the past few weeks.

Reflecting increases on India's other 13 stock exchanges as well as in Bombay, the All India share index of the Economic Times, the country's main business newspaper, rose from 489.7 just before Christmas to 508.4 on January 2 and 534.7 on January 10.

Pre-payment margins of 10 and 20 per cent were introduced last week on sales and purchases in 32 leading Bombay issues and the market responded, with the index faltering and then falling back

The increase was a delayed response to the Indian Covernment's long-term fiscal policy, which was announced just before Christmas and was followed by a brief decline on the stock markets.

The fiscal policy promises continued tax companies reforms, including a reduction of surtax for high-earning companies which bave foreign equity covered by the country's Foreign Exchange Regulation Act. In the past few weeks there have also been a series of relaxations of the country's industrial policy licensing arrangements, benefitting large companies in particular.

Share prices started rising a year ago, responding to the policies of Mr Rajiv Gandhi's new Government and the budget in March, They reached a peak in August and then dropped back in response to trading restrictions and selling by government-owned financial institutions.

The Government is worried that the country's unsophistic-ated share markets may rise unrealistically high and then crash, hurting inexperienced investors and economic confidence. It will therefore continue to authorise interventions in the market during the current year when further substantial increase in rices are expected.

Norway's OIL BANK

As Norwegian energy reserves are so substantial, petroleum business is of great importance to the country's economy. Union Bank of Norway has all the experience and expertise of project finance for the North Sea, as well as managing and underwriting syndicated loans and new issues. Contact in Norway Carl Erik Haavaldsen or Tom Fronth-Mathisen.

Norway's CAPITAL MARKETS BANK

· UBN is active as managers and underwriters in Eurobonds in Kroner and other currencies, Government Bonds and Viking Bonds - the last of which we originated. Overall our role in the Euromarkets is a vital part of the growing internationalisation of the Norwegian Banking industry. Contact in Norway Per Hagen or Torodd Kummen.

Norway's FOREIGN EXCHANGE BANK

We offer a complete range of asset and liability management services. This includes currency options, financial futures and interest rate and currency swaps. We are also the main supplier of foreign currency to the savings banks. a role that has increased both in size and importance as the banks themselves have grown. Contact in Norway Geir Bergvoll or Bjørn Kaaber.

NORWAY'S Investors, Bank

The Norwegian Stock Market has outperformed most stockmarkets over the last few years. UBN has one of the biggest stock exchange departments in Norway and is well equipped to take care of your equity transactions. We also have a leading position in domestic bond issues and secondary market trading in bonds. Contact in Norway Knut Ørbech or Stein Jodal.

Norway's **NEW BANK**

Union Bank of Norway was created on 14th October 1985 by a merger between Sparebanken Oslo Akershus and Union Bank of Norway Ltd. (Fellesbanken A/S). We are one of the "big four" in Norway with total assets of U.S. \$4.0 billion. The new bank is also the central bank to more than 200 savings banks in Norway with a unique network of more than 1,300 outlets all over the country.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest as been fixed at 8 %, per cent, per annum, and that the interest psychle on the relevant interest psymbol date, 23rd July, 1986 against Coupon No. 14 will be U.S. \$310.15.

The Industrial Bank of Japan, Limited Agent Bank

THE FINANCIAL TIMES

is proposing to publish a survey on ...

GHANA

On Monday 19 May 1986 Advertising copy date for this survey is Monday 21 April 1986

For further information please contact: Hugh Sutton, Area Manager-Africa Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 ext 3238 Telex: 885033

Macarthys' restructuring

comes through in profit

McCarthys 140 Pharmaceuticals skare price relation to FT-Actuacion

First Leisure's 50% profit growth

plemented by the stock hange, require the publication

of interim accounts for six months instead of eight months as has been Clark's practice, the interim figures this time run to October 31 1985 and therefore

do not cover the important Christmas period. Nevertheless the directors re-

A 50 per cent advance in pretax profits at First Leisure
Corporation has more than
fulfilled the directors expectatioo, and is et the top end of the
City's forecast.

All sections showed incressed
returns, and led to e rise in turnover from £41.38m to £47.47m
and a lift in profits from £67.57m
to £10.14m in the year ended
October 31 1935. The dividend
is stepped up by 1p to 7.5p net,
with a final of 5p, and the
directors are proposing to make
a one-for-four scrip issue.

Lord Delfont, chairman and
Lord Delfont believes that the
Lord Wales (of which the group
Lord Wales (of which returns, and led to e rises in turnover from £41.38m to £57.5m to £57.5m to £50.15m in the year ended October 31 £585. The dividend six stepped up by 1p to 7.5p net, with a final of 5p, and the directors are proposing to make a co-of-of-our scrip issue.

Lord Delfont, chairman and chief executive of the group's various independent of the fagship dancing operation, which was formed in late 1982 on the acquisition of tha lelsaure interests of Trusthouse Forter growth during the remainder of the syste hooks to the current year with confidence. All units are profitable, projections indicate further growth from existing husiness, and an increasing profit flow can be expected from the recent strategic investments.

"Our cash flow is strong, our gearing neglible, and we have negotiated lines of credit evaluation of profits include the operation of ceaside piers, holiday and leisure centres, dis-

Further ... increase expected at AGB

AGB Research, the consu and industrial market research group, yesterday reported a near 15 per cent interim profits increase and said it expected to better the £9.2m achieved in the 1984-85

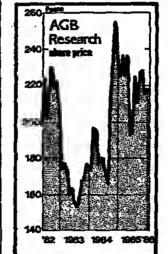
The main areas of AGB's business again progressed dur-ing the six months to end-October 1985, resulting in an overall taxable profit of just over film compared with £3.49m. Turpover was 16.6 per cent higher at £54.15m against £46.44m. Market research in the US,

in particular, produced good results, said AGB, while the publishing group showed a marked recovery and television research continued to be a successful area. Shareholders will receive a higher 2.75p (2.5p) interim dividend with earnings per

share ahead from 4.12p to
4.95p. Tax was higher at
£1.87m (£1.52m) but minorities were reduced at £120,000 (£3t4,000).

AGB said that work had

continued on its television project in the US, but said that it was too early to form a judgment of prospects in that market.



comment

There are three core reasons ...why AGB's profits came in some £200,000 short of expectations. Interest charges were up by £300,000, higher Australian dollar earnings translated into lower sterling profits and some of the comranies within the information division were not up to scratch. So yesterday the analysis were shading back their forecasts to around £10.8m pre-tax for earnings per share, a little over 14p. But perhaps more important than the year's profit is pro-gress towards going national with a television andlence Through Morgan Grenfell, AGB is looking for a partner; someone with the money to back its know-how. Potenti-ally \$20m of capital equip-ment needs to be funded though the actual cost could be substantially reduced if, for example, it opied for leas-ing. What is for certain is that AGB will not plough ahead without a partner. A mistake could cripple the group. It bopes to haive its betrowings to £13m by the year end with the sale of its Australian minority holding and its share of the Hanger Lane development but writing £25m of goodwill off the share premium eccount could still leave it 60 to 70 per cent geared. The p/e of 15, at 217p, is justified by expecta-tions of £13m or so pre-tax

for the next year but the shares are high enough for

FII rises 32% to I£4m

FII, Dublin-based fruit and regetable merchent, has lifted are-tax profits by 32 per cent to 164.02m (£3.5m) against a pre-vious 163.04m in the year to end-October 1985. The group has also acquired Daniel P. Hale (Fruit Importers),

INTERIM PROFITS up 18 per

cent were amounced yesterday by Macarthys Pharmaceuticals, which is facing a hostile £35m takeover bid from the investment

trust John Govett.
The bidder has not yet posted
its official offer document, but has

ccused Macarthys of e flat per

formance—between 1981 and 1985 its turnover increased from £184m to £286m but profits fell

slightly from £4.61m to £4.06m. However, Mr Albert Slow, the

non-executive chairman of Macarthys, yesterday said that the markedly improved results showed striking evidence of the company's restructuring over the

past year.
First balf resuits, to the end of October 1985, showed improvements in all divisions other than surgical where the company said it had been hit by aggressive price competition in disposable products. The overall pre-tax profits stand at £2.5m compared with \$1.5m compared.

packaged consumer goods.

The directors state that the positive trend for FU at tha interim stage, when profits reached £1.53m (£1.06m), has been maintained for the full year and that the trading result

an increased 4.62p (3.9p) total. This will be paid from earnings per 5p share shown 40 per cent ahead at 12.7p (2.07p). The company's shares are traded on the USM.

products. The overall pre-tax profits stand at \$25m compared with \$2.12m for the same period last year. Manufacturing and veterinary improved particularly strongly by 62 per cent and 42 but profits were np from \$1.5m to \$146.8m. Pharton \$22p\$ to \$3.5p\$ net.

Turnover was down slightly from \$22p\$ to \$3.5p\$ net.

Turnover was down slightly from \$22p\$ to \$3.5p\$ net.

Turnover was down slightly from \$22p\$ to \$3.5p\$ net.

USM.

The acquisition of Hale, a private company based in Belfast, which distributes fresh fruit and produce, will be satisfied by £1.28m for the business plus £350,000 for an unrelated commercial property owned by Hale, which has since been said for thet sum. for thet sum.
Total consideration, of £1.63m.

been maintained for the full year and that the trading result is satisfactory.

They remain confident about its long-term prospects. Turnover for the year improved by 30 per cent from £62,88m to \$51,86m.

A final 3,26p (2,72p) dividend its being recommended, making in director Mr Daniel Hale will

continue to run the company. He will also become managing director of FII (Northern!, which is the FII brokerage division in Northern Ireland, and will join the FII board.

Directors say that the acquistion of Gillespie should lead to further opportunities in the distribution area through both internal growth and acquisition. FII has had only e limited involvement in general distribution business so far.

Consideration for the 50.1 per

Mr Slow speit out some of tha ehenges which began last February and are scheduled to reach completion in April. First, wholesale depots have ben cut from 17 to 11; a computerisation programme will be completed in March; the mannfacturing division bas been combined in one management unit; and the

one management unit; and the senior and middle management has been extensively reorganised with a new managing director, finence director and chairman in

tha past 18 months.

Mr Slow, who was himself pert of these chenges moving from managing director and non-executive chairman last

managing director and non-executive chairman last September, said that in view of the far tighter financial controls the offer from John Govett " is opportunistic and fails to reflect the company's prospects." He added that the rationalisation would yield further benefits over

Consideration for the 50.1 per cent holding is £430,000 cash. The balance of the equity is beld by Addis of the UK. For the year ending January 1 1985 Gillespie's pre-tax result was £220,000 and its adjusted

Atlantic Computers sales surge

BY RICHARD TOMKINS

Atlantic Computers, the computer leasin ggroup yesterday amounced that, its sales in the final quarter ended December 1985 when turnover advanced from £325m to £555m and presented quarter ended December tax profit from £325m to £555m and presented from £325m to £555m and presen

busy" first half ended June 30 our position during the current 1985 when turnover advanced year," the company said. from £32.5m to £55.6m and pre- "We look forward to 1986

"We look forward to 1986 with considerable confidence for the group as a whole."

Asked whether the group bad plans for an acquisition, Mr Roy Gibson, marketing director, said:
"It is our policy to continue of large LBM systems in the UK isst year.

The market was pleased with the statement and moved the shares up 5p to close at 245p. At one time they touched 250p.

This follows it has a rearranged by the content of the group and acquisitions will play a part in that, but we are 3000 machines remains strong not having any discussions we This follows "the exceptionally and we expect to consolidate can talk about at this stage.

Setback for

SEET but

Hampson ahead by 27%

A THREE MONTH contribution tangible benefit to sharebolders. from 1an Walker Furniture, The increase in turnover of the acquired last July, has helped substantive group was just over Hampson Industries boost pretax profits by 27 per cent in increase in pre-tax profits. The interim dividend is lifted 1885.

Turpover for this West Midlands-based engineer and industrial cleaner improved by 23 per cent from £9.97m to £12.29m, while the pre-tax result immed to £612.632, against

483,476 previously.

from 0.3p to 0.345p, and the directors are satisfied that they will be able to recommend a similar increase in the final. For the year to March 1985 the group achieved pre-tax profits of £1.31m.

Mr John Wardle, the chairman, says that the directors are (£217,564) net profits emerged encouraged by the performance £84,108 ahead at £350,020 for of Ian Walker and are satisfied etated net earnings per 5p share that its acquisition will be of up from 1.12p to 1.45p.

Bluemel offshoots sold

fine two companies made com-bined pre-tax profits of about £136,000 in the year to the end of September 1985, at which date they had net assets of about £1.4m. They are involved in the importing and distribution of

A CONDITIONAL contract has been signed to sell the remaining subsidiaries of the loss-making Bluemel Bros group. Anglo Continental Cycles and Accessories and Ron Kitching (Wholesalers) are being bought by a new company, Ron Kitching Ltd, formed by two Bluemel directors, with the backing of Investors in Industry.

The consideration is £1.18m, of which £200,000 has already been paid £934,000 cash will be paid on completion and £48,150 a year later.

The two companies made combined pre-tax profits of about

interim lifted Pre-tax profit of Scottish English and European Textiles, maker of clothing fabrics and mohair products, fell from £839,000 to £672,000 in the balf year ended October 31 1985.

This follows a drop of £1.5m to £8.52m in turnover, mainly attributable to the closure of J. Blackburn and the lack of a bulk order for the mohair company.

Second half turnover is expected to show a similar reducexpected to show a similar reduction compared to last year, but margins should continue to be satisfactory, the directors say.

They are raising the interim dividend to 1.6p net (1.4p) and expect to at least maintain the final at 3.5p. Earnings worked through at 8.32p (10.44p) after tax £286,000 (£374,000) end minorities £72,000 (£46,000). Cost of the interim is £84,000 (£56,000).

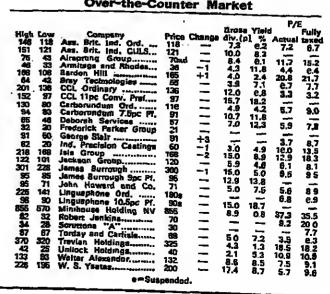
For the year ended April 30 1985 the group produced a pre-tax profit of £1.85m from a turnover of £18.5m.

LADBROKE INDEX 1,108-1,112 (+5) Based on FT Index Tel: 01-427 4411

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Over-the-Counter Market



SATISFACTORY FIGURES have been achieved so far by Matthew Clark and Sons (Holdings), the wine md spirit distribution and British wine making group, and November and December extended the directors remain confident about the outcome for the full achieved improved sales and e higher market share.

gard them as satisfactory, Turn-over, net of excise daty, rose dividend of 7p net.

Matthew Clark advances 13% midway

The current interim is raised from 2.5p to 3p net, from expings for tha six months of 11.9p (10p). This was struck after tax £1.19m (£1.15m) and minorities £674.000 (£536,000).

Comment
It is hard to know exactly bow good these figures are from Matthew Clark. The shift from an eight to a six month accounting period has removed the yardstick against which to measure them and the critical Christmas season, no longer falls into the first half. How ever, the market—understandahly—did not refrain from passing judgment yesterday, and the shares rose by 20p to 425p. On

Appledore surges 44% and plans expansion

FURTHER GROWTH through the second six months enabled. the A & P Appledore Group to lift its 1984-85 profits by a little lift its 1984-85 profits by a little over 44 per cent.

And with earnings emerging 7.87p higher at 18.66p the dividend for the year is raised from 0.45p to 6p net, the final being 4p. However, the previous payment would have been 4.57p had the group's shares been listed for the whole of the year ending September 30 1984.

The group, with consultancy interests in shipbuilding and thiprepairing as well as thippard management, came to market in

shiprepairing as well as Migyard management, came to market in October 1984 via a placing of 14m 10p shares at 87p per sitare. The results announced yesterday, showing turnover up from £2.77m to £3.61m and pre-tax profits up by £312.000 to £1.02m for the year to September 1985 were spot on City estimates. However, the group's shares closed 15p lower at 290p.

Morgan Crucible in its contested £41m bid for First Castle Elec-

tronics, announced yesterday that it had received acceptances

totalling 2.18 per cent of the defence oriented company's

equity.
In addition and since the five

for seven sheres bid was made in early December, the bank bas bought nn Crucibles behalf

shares equivalent to 1.24 per cent of the Issued capital, giving

It 3.42 per cent in total. The offer has been extended to Feb-

Harvard Securities has decided to offer a 5p warrant cash alter-native in the offer attached to its bid for United Computer and

Harvard

First Castle

The consultancy sector had a Gibraltar and et Faimouth. Turnsuccessful year with turnover on consultancy activities increasing from £1.79m to £2.27m and profit failure.

Neorion shipyard (Syros) per formed satisfactorily and share the current year's results of Cuchold, the foint venture company formed with formed satisfactorily and share the current year's results.

There was a continuation of a good level of business in the US, Canada, Mexico, Brazil and Anstralia and in the UK for a further long term agreement.

The group's share of the first results of Cuchold, the joint venture company formed with formed satisfactorily and share the group's share of the first results of Cuchold, the joint venture company formed with formed satisfactorily and share the group's share of the first results of Cuchold, the joint venture company formed with formed satisfactorily and share the group's share of the first results of Cuchold, the joint venture company formed with formed satisfactorily and share the current year's results of Cuchold, the joint venture company formed with formed satisfactorily and share the current year's results.

Shippepair, will be included in the current year's results.

Interest charges for the past (£11,000) and tax for £431,000 (£11,000) and tax for £431,000 (£11,000). ability improving significantly.

There was a continuation of a good level of business in the US.
Canada, Mexico, Brazil and Anstralia and in the UK for a pear while the parties work out your affective form of the group also continued to the group are expect a continued to the group's results.

Torner have extensed by the parties work out your affective form agreement. (Contribute consultancy work.

Alreadors expect a continued to the group's results.

At the end of October e wholly

owned Australian operation was set up and the potential of this will be reflected in future.

For its last reported interim period, covering eight months, the group made pre-tax profit of f4.23m, compared with £3.29m in 1983, By the ned of April 1985 this had moved up to £5.96m (f4.28) and the group hid a total

Support to the yards managed by the group also continued to contribute consultancy work.

The directors expect a continued demand for the group's consultancy, acrylees, and, opportuned demand for the group's management contracts are currently under investigation.

It is their intention to extend its activities by means of suitable ecquisitions and new projects as well as by organic growth.

The shipyards management sector also saw an increase in business with the group taking on management contracts in

BY RICHARD TOMKINS

MICROSYSTEMS GROUP a manufacturer of bus ticket machines, taxi meters and other

electronic products, is coming to the Unlisted Securities Market

through a placing of 24m shares at 127p a share by Hambros

This price will give the group a market capitalisation of £14.3m.

Brokers to the isssue are Hoare

Govett.

The business was founded in 1975 by two former Plessey employees, Mr Roger Harding and Mr Michael Jackson. It hegan as a design consultancy but the following year started producing microprocessor electronics for its customers.

In 1979 the directors decided to develop their own electronic

Falmouth Shipsepair came mder Appledore's management in March 1985. Trading conditions in Northern Europe were very difficult and by the end of 1985 small losses appeared in the management accounts. A number organise the operation and the company is confident that ship-repairing will return to profit

The group's main product is the Waylarer ticketing system

which is used on driver-only buses. It says more than 40 UK bus operators have installed the

system and claims to have a 12-13 per cent market share.

Microsystems has also deve-loped a magnetic ticket-bandling

ability in the near future.

(£355,000)

Estraordinary debits amounted to £50,000 (£185,000) and related to the acquisition costs of Falmouth Shiprepairs—the previous year's figures were the costs of the chare placing.

Related profits emerged at £330,000 (£125,000) after deduct-ing dividend payments of

ing dividend payments £207,000 (£40,000). At yearend the group's balance sheet showed a "strong" position and sharebolders' funds were £2.02m an increase of 51.4 per cent over the compareble position of the previous

First Castle
Morgan Grenfell, advisers to
Microsystems joining the USM
Morgan Crucible in its contested

products and this activity has meter, which it believes may now expanded to account for account for 30 to 40 per cent of about 60 per cent of turnover.

meter, which it believes may never taxi meter installations in London and the provinces.

Of other activities, distribution of components — mainly Scotch-fex fast cable connector systems on behalf of IM and memory and microprocessor controls on be-half of Mitsubishi — accounts for 26 per cent of sales. Design and manufacture of electronic equip-ment accounts for the other 14

system for use with passes, multi-journey and time-limited tickets. Other products are the Callog per cent.
Pre-tax profits bave grown from £148,000 in the year to October 1981 to £1.4m in the year to October 1985. Some £2m of the money raised

will go to the directors. The company will receive £800,000

telephone management system which is attached to cutomers private telephone exchanges and records time, duration and num-ber of all calls made; the Micro-time electronic clocking-in machine; and the Sheriff taxi after expenses.

We are pleased to announce that Roderick C. Gow has been appointed a Managing Director in our London office.

The following individuals have been appointed

Chicago William J. Ferguson Colleen A. Huice David S. Moore London

Robin Rogers Valerie D. Stogdale

RUSSELL REYNOLDS ASSOCIATES, INC.

Madrid

Stamford

Enrique Bruno

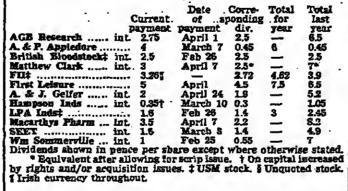
Joanna B. Miller

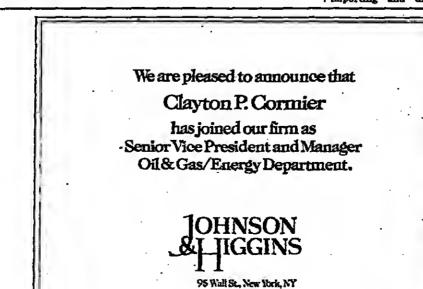
Executive Recruiting Consultants 245 Park Avenue, New York, NY t0167

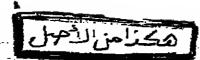
NEW YORK BOSTON CHICAGO CLEVELAND DALLAS FRANKFURT GENEVA HONG KONG HOUSTON LONDON LOS ANGELES MADRID MENLO PARK ONG HOUSTON LONDON LOS ANCELES MADRID MENLO PARK SAN FRANCISCO SINGAPORE STAMFORD SYDNEY WASHINGTON, D.C.

DIVIDENDS ANNOUNCED

the present,







UK COMPANY NEWS

Charles Batchelor on GEC's decision to sue Plessey for libel

Where the Panel's writ doesn't run

THE INCREASINGLY aggressive tone of many of the recent multimillion pound takeover battles culminaled on Monday with the decision hy General Electric Company to sue Plessey for libel over parts of Plessey's defence document.

GEC, which this week saw its fill-bn lakeover bid for its smaller electronics rival referred to the Monopolies Commission, had been sbocked by the tone of the 30-page defence document

were without foundation and announced it would defend the action to the full.

action to the full.

The takeover panel polices the wording of documents sent out during lakeover bids very closely. Rule 29 requires document when the helphst standards of accuracy and the information contained therein must be adequately and fairly represented."

Why did the panel not inter
The INCREASINGLY aggressive to wording of twould defend the action to the full.

GEC took the view thal there was no point in taking this matter up again on its own behalf since it did not feel the panel would act swiftly or effectively.

Secondly, the panel felt it was not in a position to rule on detailed factual questions such as the success or otherwise of the Tigerfish torpedo.

Why did the panel not inter-

to the Monopolies Commission, had been shocked by the tone of the 30-page defence document sent out by Plessey on Janu-

Lord Welnslock, managing director of GEC, described il as "a document which would have done credit to Dr Goebbels." Mr James Prior, GEC chairman, said It presented "a caricature of GEC and a fanciful Idealisation of Plessey."

Normelly companies take disputes over the wording of documents and, increasingly, advertisements, issued during bid battles to the takeover panel. The panel, which applies strict controls to what can be said during a bid, will then ask the offending party to lesses a correction. offending party to Issue a correction or a retraction if this is

GEC, however, felt so incensed by the Plessey document that it decided that the intervention of the panel was not enough. It took the decision, without paral-lel in recent bid bistory, to go to law.

GEC was particularly con-cerned al two quotations used by cerned al two quotations used by Plessey to back its arguments. It claimed the offending statements included "a calculated misquotation of a remark by Mr Robert Sheldon, chairman of the House of Commons committee of public accounts, in connection with the Tigerfish torpedo."

GEC also alleged that Plessey had used a quotation from a report by de Zoele & Bevan, GEC's stockbrokers "which is so highly selective as to amount to a blatant misrepresentation."

pany, bas achieved a first half taxable profil of £3\$,000 against a comparable loss of £42,000.

ies sur

a thack in

merim Me

Rivlin makes small profit

I. D. & S. Rivlin Holdings, the who retired in July. The corres-USM-quoted property, household ponding charge related to the lextiles, and fitted kitchens com-pany, bas achieved 2 first half Morgan Edwards (Ideal Homes).

However, the result included interest earned on the proceeds of the capital and rights issue received last May. These sums were retained on deposit until November when the purchase of the land at Tholry, France was campleted.

The directors say that the company is now in a position to commence a marketing programme aimed at potential users, and it is planned to use the services of major British and French agents to assist in this campaign.

Turnover for the six months to end-October 1985 was lower al £592,000 (£775,000). There was no tax but there was a £32,000 (£17,000) extraordinary charge representing an exertial pay and this will increase the gross meet to the former chairman area to approximately 27 bectares.

THE CLYDESDALE (TRANSVAAL)

(Registration No. 01/01124/06)

ISSUED CAPITAL: 10,097,721 shares of 50 cents each

1985

4,817 3,936

8,753 4,487

355

7,573

Capital Expenditure. The unexpended balance of authorised capital expenditure at 31 December 1985 was R2.5 million. Dividend. A dividend (Nn. 145) of 75 cents (19.68290tp) per sharo declared on 3 December 1985 is payable to members on or about 12 February 1986.

Proposed Merger of the Operations of Clydesdale and Apex. It was annunced in the press on 5 December 1985 that revised merger proposals had been agreed by the respective boards of Apex and Clydesdale. In terms of the revised proposals, Clydesdale will change its name to Gold Fields Coal Limited and will issue 330 new shares for every too existing ordinary shares held in Apex. The merger will become effective retrospectively from 1 January 1986. Details of these proposals will be posted to shareholders in due course. The litigation in regard to the original merger proposal peoding in the Appelate Division of the Sepreme Court of South Africa has been withdrawn.

ended ended 31 December 30 September

Quarter

1985

2,177

30,620

26,017

ended

8,052

118.836

99,333

19,503 9,303

28,806 16,157

12,649

12,622

443

31 December 1985

COLLIERIES LIMITED

OPERATING RESULTS (TONS 000)

FINANCIAL RESULTS (ROOD)

Cost nf sales

Gross profit Sundry revenue-nec

Profit before tax

PROFIT AFTER TAX

Capital expenditure

Loan levy refund

20 January 1986

NOTES:



Lord Weinstock, managing Str John Clark, chairman of director of GEC Plessey

vena this time to referee between the warring parties?

● Firstly, GEC was unhappy with the way the panel had handled a complaint from da Zoete last week about the use of the offending quotation. The panel had asked Plessey to issue the full text of the quotation to the Stock Exchange. Plessey was not required, how-ever, to send the full text to its

shareholders or to explain its release to the Stock Exchange that the reprinting of the full text was in any way 2 correction or amendment to what had been Plessey said it had been used in the document. GEC felt advised that GEC's complaints this rendered the point of the

Earnings per Sp share were 0.05p (losses 1.06p). There is no interim dividend.

people in the City are worried that increasing recourse to the



contenders — both of which refused to back down—the panel had to admit that its rola of intermediary had come to an

end.
"When peopla reach for their lawyers and start suing each other then the panel steps back," commented one official. In the GEC/Plessey bid tha dispute revolves around an alleged libel. In an earlier case, the £248m bld battle between rival electrical retailing groups Dixons and Currys, the dispute centred on contract law. Currys wenl to the High Court In December 1984 in an nu-successful attempt to block the bid.

A STEADY demand for standard products in its traditional markets resulted in turnover at LPA industries climbing by 25.6 per cent from £4.79m to £6.02m in the year to Seplember 38 1985.

if 6.02m in the year to Seplember 36 1985. Pre-tax profits for the period rose from £779,199 to £995,517, an increase of 27.8 per cent. As a result, earnings per share of this Essex-based industrial electrical accessories manufacturer, were up from 7.75p to 11.84p.

The total dividend is raised from 2.45p to 3p net with a final of £6p against £4p. A one-for-five scrip issue is proposed.

Mr Arthur Rusch, the chairman in his annual statement says the results also reflect, for the first time, the contributions from the two subsidiaries acquired at the end of 1984. Crawley Refrigeration and

The lottowing companies have notified dates of board meetings to the Steck Exchange. Such meetings are mustly hald for the purpose of considering dividends. Official indications are not

hald for the burner and dividends. Official indications are not available as to whether the dividends are interims or finale and the nubdivisions shown below are based mainly on lest year's timetable.

TODAY

Interim: Canada.
Fineta: Anglin Tslevision. Crescani
Japan Investment Trust. Lookers, New
Tokyo Investment Trust. TACE. Union
Carbida.

FUTURE DATES

law will damage the system of self-regulation by which bids are currently policed by the takeover panel. Plessey sel a litigious note earlier in the bid battle when it called in the US courts to ensure

that GEC extended its offer to Plessey's US sharebolders.

A Deloware court last week turned down Plessey's request for an injunction and Plessey said yesterday it was withdraw-ing its complaint following the referral of the GEC bid.

Plessey did not rule out further recourse to the US courts if GEC is cleared to resume the

some lengths over the past year or so to emphasise how seriously it takes the question of the accuracy of takeover documents. It put ont a warning circular on the quality of takeover circulars at the end of 1984 and followed this up with a lengthy section devoted to this subject in its 1984-85 annual report published last June.

In December 1984 the panel warned against the use of inaccurata or misleading statements or comparisons, and in particular unsatisfactory graphs

and diagrams.

From that date the panel required a correction of a misleading circular to be published within 48 hours, whether or not there was any intention to mislead.

Returning to the subject in its Returning to the subject in its latest annual report, the panel warned that il might be forced to take "draconian aelion" if, during the later stages of a bld, there was no time for an effective correction of an unsatisfactory claim.

However, it also said it would

not require a correction if the point complained of was minor. GEC's decision to turn to its lowyers shows that fine indement is called for by the panel in deciding whether a matter is significant or trivial. significant or trivial.

Mr Rusch says the new year

has started satisfaciority, and group, quoted on the USM, has every reason to anticipale a wholesome year.

William Sommerville

William Sommerville & Son, paper maker, has trebled its interim taxable profits from £107,000 to £325,000 on turnover

Sevina
Finals—
ASEA
Camlerd Engineering
'ada Investment Trust

NOTICE OF REDEMPTION

Continental Group Overseas Finance N.V.

95% % Guarauteed Notes Due July 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to Article Three of the Indenture deted as of July 1, 1979, as supplemented, (the "indenture") among Continental Group Overseas Finance N.V. (the "Company"), KM1 Continental Inc. (successor by merger to The Continental Group, Inc.) (the "Guarantor"), and Morgan Guaranty Trust Company of New York, as Trustee, under which the Company issued its 9% % Guaranteed Notes due July 1, 1986 (the "Notes"), the Company has elected to and shall redeem on February 14, 1986 (the "Redemption Date") all of the outstanding Notes at a redemption price of 100% of the principal amount thereof (the "Redemption Price") plus accrued interest from July 1, 1985 to the Redemption Date in the amount of \$59.62 for each \$1,000 principal amount of Notes.

The Notes shall become due and payable on the Redemption Date at the Redemption Price

The Notes shall become due and payable on the Redemption Date at the Redemption Price plus accrued interest which shall be paid upon presentation and surrender of the Notes tugether with all compons thereto apportaining maturing after the Redemption Date at the paying agents

The Notes will no longer be outstanding after the Redemption Dete and interest on the Notes will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

bolesome year. After tax down from £357,460

LPA up 25% to nearly £1m

the first time, the contributions ahead from £3.500 on turnover the first time, the contributions added from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions ahead from £3.500 on turnover the first time, the contributions and company's favour, say the director tors. The dividend for the six time £3.500 on turnover the first time, the contribution and £3.500 on turnover the first time.

BOARD MEETINGS

Hanson criticises Imperial's proposals

Hanson Trust, which is making a £1.8bn takeover bid for Imperial Group, the food, tobacco and brewing business, said yesterday that Imperial's recent asset revaluation made "even more of a financial nonsense" of its rival plans to merge with United Biscuits. Imperial unveiled the £616m revaluation surplus on its pubs,

botels, restaurants and shops last week in its defence docu-ment against Hanson.

ment against Hanson.

Hanson, which characterises the proposed Imperial/United link-up as a "reverse takeover" of Imperial, yesterday produced charts which, it said, showed that Imperial would contribute 78.7 per cent of the combined group's net assets, against 21 per cent for United. However, Imperial's sharebolders would end up with ooty 58.2 per cent of the combined business, against 41.8 per cent for United's sharebolders.

"Having produced this asset

"Having produced this asset revaluation," Hanson added, "the Imperial board fails to spell out Its implications—reduced profit arising from increased depreclation charges and lower return on capital employed as a result of the apparent 'increase' in sharebolders' funds."

Hanson—its offer reaches its first closing date on Friday—said Imperial's defence document hod failed to answer the key points made in its offer docu-

meot. meot.

Hanson's growth in earnings and dividends per share bad far outstripped Imperial's; an investment of £1,000 in Hanson at the beginning of 1980 would be worth £11,302 now, against £3,460 for the same amount invested in Imperial.

Wadkin receives bid approach

By Lionel Barber

Wadkin, the Lelcester-based woodworking machinery and machine tool company, yesterday disclosed that It had received a bid approach from an unnamed predalor.

The news sent Wadkin's share price racing to 1700, before After tax down from 2357,460 to £351,335, dividends of £163,290 (£133,354) and amortisation of revaluation surplus, £37,756 (£39,014), retained profits emerged at £518,648, compared with £292,488, which included an extarordinary debit of £34,911. price racing to 170p, before closing at 156p, up 16p on the

closing at 156p, up 16p on the day.

Mr Michael Goodard, chairman, said talks with the unnamed party were "at an early stage" and he hoped to make a further announcement soon, possibly next week.

Last year, Wadkin announced a drop in interim pre-tax profits 10 end-June 1985 from £482,000 to £186,000, although turnover increased by 21 per cent from £18.43m to £18.65m. £18.43m to £18.65m.

an inability to match production to a rise in demand for machine tools and management difficul-ties at the Greenborn branch in the US. Wadkin also suffered from general weakness in the UK bousebuilding industry last year which affected the market for woodwarking machinery. for woodworking machinery.

Yearlings down

THE INTEREST rate for this week's issue of local authority bonds is 13 per cent, down 1 of a percentage point from last week, and compares with 11 to per cent a year ogo. The bonds are issued at par and are redeemable on January 28 1967.

A full list of issues will be A full list of issues will be published in tomorrow's edition.

nology projects in the RACE programme are to be led by Plessey, programme are to be led by Plessey, as prime contractor for two consortio of major European telecommunications and electronics organisations. RACE is the European Commission's initiative for Research and Development in Advanced Communications and Electronics. Funding in the Plessey-led projects involves some

Plessey-led projects involves some four million ECUs (£2.5 million).

Sir John Clark, Plessey chairman, states These two projects are absolutely central to the future of advanced telecommunications in Europe.

FULL COLLABORATION

"It is significant that the European from members of the four-party agreement on public switching



Mercury Communications Limited. This digital microwave transmission equipment for indoor and rooftop applications provides 2Mbit/s, 8Mbit/s and 34Mbit/s capacity, equivalent to 30, 120 and 480 telephony channels respectively.

KEY CENTRES

Il will be used for local distribution in Mercury's network, including London, Bristol, Birmingham, Leeds and Manchester, Delivery of the 146 links has already started and should be completed early in

Heron House, 319-325 High Halborn, London WCIV 7PB

Issued and now being

issued fully paid

11,292,985

1.129,299

HOARE GOVETT LIMITED

Plessey

lo 100,000 transistors for production

by Plessey.

Sixty design centres have so far been established worldwide, of which 54 are user or third party centres, operating under licence.

In this ultra-competitive market, MEGACELL, places Plessey with the leafling language and America.

the leading Japanese and American manufacturers - and far ahead of any

other company in Europe.

Plessey leads RACE projects in Pleases is Investing 2220 million over the years on MEGACELL - its new silleon chip design and pronew sincon comp nesign and pro-duction service.

This highly flexible software design permits customers' own designers to plan chips containing up

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange Application has been made for the grant of permission to deal in the Unlisted Securities Market on The Stock Exchange in the issued Ordinary Shares of The Microsystems Group Ple. It is emphasised that no application

THE MICROSYSTEMS GROUP PLC

PLACING BY

HAMBROS BANK LIMITED

of 2,362,204 Ordinary Shares of 10p each at 127p per share

Share Capital following the Placing

Ordinary Shares of 10p each

The main business of the Microsystems Group is the design, manufacture and marketing of electronic

products, including bus ticketing systems, taximeters, telephone management systems and attendance

The Microsystems Group also undertakes the manufacture of electronic equipment on a contract basis and distributes selected ranges of electronic components throughout the United Kingdom.

A proportion of the Ordinary Shares has been offered to the market and may be available to the public through the market during market hours today.

Particulars of the Microsystems Group are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual husiness hours on any weekday [Saturdays excepted] up to and including 4th February, 1986 from.

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HAMBROS BANK LIMITED

41 Bisbopsgate. London EC2P 2AA

1,500.000

telecoms conductor manufacturer.

work which demonstrates vividly the value of Plessey association with Siemens, CITAlcatel and

The first project covers alternative switching techniques and tech-nologies for integrated broadband

communications. The second will study customer access to these



Plessey has been selected to supply

The Amerited Communications
Corporation of Florida has just ordered several thousand Plessey

MARKET LEADE MARKET LEADER

telephone market in major metroitan areas throughout the United

early in 1986. Plessey payphones are also

currently undergoing field Irials with two Bell operating companies and a major independent telecoms

With its "inlelligent" payphone range, Plessey has now become a world market leader. Its payphones are in service with more than twelve countries.

Worldwide, Plessey has taken orders for over 140,000 payphones and sees its business rapidly



Technology is our business. PLESSEY, the Plesser symbol and MEG ACELL are trade marks of The Plesses Company pill.

SWISS VOLKSBANK FINANCE (CAYMAN ISLANDS) LTD.

Grand Cayman

Notice to holders of the Warrants («A» and/or «B») under the 61/2% US \$ 75 million Guaranteed Notes with Warrants 1985-90

The Board of Directors of Swiss Volksbank decided on December 12, 1985 to increase the Share Capital by offering one new share of SFr. 500 .- nominal value for every 10 shares outstanding at the price of SFr. 1450.-.

The new shares will rank for dividend from January 1, 1986.

In connection with this capital increase the holders of Warrants «A» and/or «B» under the 61/4% US \$ Guaranteed Notes with Warrants of Swiss Volksbank Finance (Caymen Islands) Ltd.

a) Exercise of the Warrants to purchase shares cum subscription rights can take place up to and including February 3, 1986.

b) The exarcise right of the Warrants will be suspended starting from February 4, 1986 up to and including February 25, 1986.

c) The new exercise price will be adjusted on February 26, 1986 in accordance with the Tarms of the Notes as specified in the Description of the Warrants and published as soon as

January 22, 1986

Swiss Volksbank Finance (Cayman Islands) Ltd.



he void. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar accoool with, o bank in the Borongh of Manhattan, City and States of New York. Any payment made of the office of the paying agent within the United States or by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number temployer identification number or social security number, as appropriate). Those bolders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50.00. Please therefore provide the appropriate certification when presenting your secorates for payment.

Morgan Guaranty Trust Company of New York

Morgan Guaranty Trust Company of New York P. O. Box 161 Morgan House

Morgan Guaranty Trust Company of New York Aveoue des Arts 35

of New York Mainzer Landstrasse 46 6000 Frankfurt-am-Main West Cermany Morgan Guaranty Trust Company of New York 38 Stockerstrasse Zurich, Switzerland Morgan Guaranty Trust Company of New York 14, Place Vendome Paris, France Bacque Internationale a Luxembourg S.A. 2 Boulevard Royal Boite Postale 2205

Morgan Guaranty Trust Company

CONTINENTAL GROUP OVERSEAS FINANCE N.V. By: Morgan Guaranty Trust Company OF NEW YORK, Trustee

NOTICE TO THE HOLDERS OF

A. M. D. GNODDE

M. R. FULLER-GOOD

UBK FINANCE BV

has been withdrawn.
On behalf of the Board,

KUWAITI DINARS 5,000,000 GUARANTEED

FLOATING RATE NOTES DUE 1990 In accordance with the terms and conditions of the Notes, the interest rate for the period from 20th January 1986 to 20th July 1986 (181 days) has

been fixed at 612%. Interest for the period will be paid on 20th July 1986 at KD, 172.012 per coupon.

KUWAIT INTERNATIONAL INVESTMENT CO. s.a.k.



Kuwait International Investment Co. s.a.k.

PAYING ACENTS

Corporate Trust Office 30 West Broadway New York, New York 10015

l Angel Court London EC2R 7AE England

Luxembourg, Luxembourg

Dated: January 15, 1986

THE MANAGEMENT PAGE

RISING PROFITS have long been viewed as the key to inter national confidence in banks, even if they tend to he taken for granted at the UK's big clearers. But the buge changes that are sweeping through bank-ing markets are forcing bankers to take a much closer look at where and how they earn their money. New yardsticks are also needed to measure their per-

The need for greater stress on profitability has been advocated particularly strongly—in public anyway—hy Brian Pit-man, the chief executive of Lloyds Bank. His concern is not simply that banks must make more money, but that they must generate better rates of return to attract shareholders and from them, the fresh capital which banks need more than ever before.

"Sharebolders have much higher expectations now," he says, commenting that in the past banks have delivered poor returns, and that this has resulted in stock markets con-sistently undervaluing them.

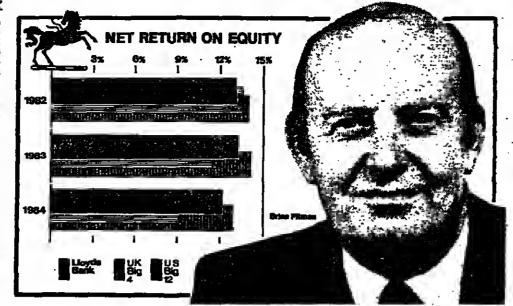
Concern ebont profitability might seem commonplace in business. But it is a recent phenomenon in UK banking where the sheer size of the clearers' bundreds of millions of pounds of profits bas tended to disguise their poor profit-

What has sharpened their concern is the fact that they are concern is the fact that they are no longer just competing with each other but with other types of institutions like securities houses and building societies whose profitability standards are quite different. And they are not just competing with them for markets, but also for capital and not just on capital, and not just on the bome front but interna-

Lloyds is the smallest of the Big Four with assets of £44bn, but it likes to think of itself as the most "upmarket" and individualistic: it has gone its own route in the City Revolution hy not huying a stockbroker, and it has made a big play of its nnique diversification into the cetation. tion ioto the estate ageocy business.

Generally regarded as among the better managed of the UK clearers, it is dogged by a heavy exposure to Latin American countries with debt prob-lems, which make its accounts less typical of the clearers as

In the two years since he took over the top executive post at Lloyds, Pitman has tried hard to woo the shareholder. This has involved him in trying to establish what amount to rates of return acceptable to the capital markets, and pains the basis of what is takingly measuring the per that line of business.



The second secon

Chasing better returns

David Lascelles explains why Lloyds Bank is concentrating its efforts on raising profitability and quality of earnings

formance of ell parts of the bank itself. Our research shows that we must make e real rate of return of 10 per cent to compete with other investments," he says. "Assuming inflation at 5 per cent, that means e 15 per cent
return on our equity after tax."
Historically, this is way above
the reel rates that Lloyds—and
the other clearers for that
matter—have achieved for some

years. Recently returns have been falling rather than rising, largely because of the beavy toll of bad debts and, in 1984, the exceptional tax provisions in the Budget, But after hitting 12 per cent in 1984, Lloyds got back to 13.5 per cent in the first half of last year, so progress is being mede, Pitmen also prefers to measure returns after tax—what the Americans the "bottom line"rather than before as is more customary in the UK, "because that is what is left to put back into the business."

To improve returns, Lloyds devised a way of allocating capital to all its activities to see how much each of them

Some parts of Lloyds' business are not capital-intensive—estate agency for example—but in the City Revolution points they were allocated capital on to slim profits, if not actual they were allocated capital on losses (though this has not losses). There is no its

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£260m of investments, such as its stake in Grindleys Bank, and the Royal Bank of Scotland, and various properties and smaller holdings. According to Pitman, the average yield on these assets was "5 per cent — less than we could get simply by putting the money into gilts."

At the beginning of this year, Lloyds also merged in its international side, Lloyds Bank International, which bad operated as a separate entity, splitting the bank's resources and duplicating e lot of effort. This will enable Lloyds to make single loans of several hundred million dolars. "Unless you can do that you're not in the race," Concern about returns has

led Lloyds to select its targets more carefully. The decision not to buy a stockbroker was taken, according to Pitman, mainly because the bank could not see the investment matching up to its profitability goals in the foreseeable future. The cost of acquisition would be high,

This exercise helped shape own dealership in the gilt-edged some of the big strategic market).

decisions which Lloyds has taken in the last year or two.

For instance, it has sold off traders, UK housing finance, traders, UK housing finance, these are some of the these are some of the specialised markets thet Lloyds is trying to pick off, though without withdrawing from the basic retail and corporate banking business or merchant banking which it is tackling

> Pitman is particularly keen to harness new technology not just to cut costs but because its long lead time gives the innovator a better start on the competiproducts which can be copied by rivals in weeks if not days. "It's one of the best ways to differentiate yourself." He believes that over time, specialisation will make banks re rather than less different: few will be all things to all

with a newly formed merchant banking subsidiary.

As part of his drive to im prove the quality of Lloyds' earnings, Pitman has tried to insulate Lloyds' profits from forces over which it has no con-trol, like changes in interest rates and currencies, by run-ning a much better matched stopped Lloyds setting up its the other banks: 17 per cent a year on average over the last five years.

The international dimension to Lloyds' quest for higher returns is that it increasingly considers itself to be competing for capital against foreign banks, so its profitability must measure up to preferably sur-pass theirs. Only two weeks ego, Barclays Bank sought a listing on the Tokyo Stock Exchange to raise its profile on the Jepanese capital markets, an indication of this mounting international competition. "In my opinion, it is not a question of whether we should seek a Tokyo listing, only when," says

The UK banks returns on equity are not much different from foreign banks, but with their huge staffs and hranch networks they probably have more scope to raise productivity in the long run than their leaner overseas rivals. The stock market has not been deaf to Pitman's declama-

tions about higher returns—nor to the enticing sound of higher dividends—though the impact could possibly have been greater.

greater.

Lioyds shares have outperformed the UK banks over the last 12 months (they have risen 22 per cent against the all share index, according to Green-wells, the stockbrokers, compared with 12 per cent for Barclays and 3 per cent for National Westminster). Its shares now sell et a discount of 25 per cent from its net value. up from 50 per cent two years

But it is a matter of some debate just how much this has to do with profitability; some analysts say the easing of worries about Latin America plays a role. All banks have improved with the stock market boom, and Barclays' discount on net value is less than 10 per cent, suggesting that investors are still worried about the quality of Lloyds' loan book and the possibility that it may have to divert profits to cover bad.

But the message is getting across. One leading City bank-ing analyst says the emphasis' post-tax returns is "the ht idea" because it reflects global trends and because UK banks are less able to shelter tax since the changes to taxation brought in by the 1984

Terry Smith et Greenwells also commends Lloyds for refraining from making a rights issne even though it could do one without any problem. "They rates and currencies, by running a much better matched book. He has also rewarded sharebolders with much linked to the rise in post-tax faster. In 1983 its revenues were

Corporate growth

Characteristics of leadership in medium-sized companies

BY CHRISTOPHER LORENZ

MOST organisations associate failure with incompetence. So It is not altogether surprising that there are very few managers around who freely admit to making mistakes. But at MCI Communications

Corporation, AT & T's fast growing challenger in long-distance telephone services, executives go so far as to volunteer their errors to outsiders asked. without even being

This sort of open recognition thet mistakes are an essential ingredient of innovation is one of the key characteristics, of high growth, medium-sized companies according to Donald panies, according to Donald Clifford, Jr and Richard

Cavanagh.

At MCI "making and learning from mistakes seems to be a central part of the management catechism," claim Clifford and Cavanagh. This risk-taking mentality is duct one of managementality is duct one of managements. mentality is just one of many entrepreneurial ettributes that MCI has been able to sustain during its past decade of rapid growth from small business into a \$2bn corporation

into a \$2bn corporation.

Clifford and Cavanagh's comments ere made in a jointly written book The Winning Performance, which is selling well in the United States and will be published in Britain in the spring. Subtitled "How spring. Subtitled "How America's high-growth mid-sized companies succeed." it attempts to do for medium-sized com-panies what "In Search of Excellence" (which has sold over 4m coples) did for hig business. Both books come from the same stable; the high-flying consultants of McKinsey and Co, for whom Cavanagn still works and Clifford did until his

The book is based mainly on study made in 1983 of about 100 members of the American Business Conference which have annual sales of between \$25m and \$1bn. All these "midsized" companies, as they are dubbed (though \$1bn is getting large by European standards) had increased their sales or profits stronger dividend growth than profits had also come across just over \$1bn; they are now the other banks: 17 per cent a "loud and clear" he says.

the transfer of the second of the

Clifford and Cavanagh report that there are 14,500 US compenies in this mid-size renge. They comprise less than I per cant of all US businesses, yet make a disproportionate contribution to the US economy, accounting for 25 per cent of all sales and nearly 20 per cent of all sales and nearly 20 per cent supplier. "Gifford and Cavanagh. The key still is knowing what few things to controlled the control of trying to controlled the control of the US economy, accounting for 25 per cent of all sales and nearly 20 per cent of all sales and cavanagh. accounting for 25 per cent of a top American poultry all sales and nearly 20 per cent of private sector employment.

The lessons which can be drawn from the management of these companies can be applied decisions on most other issues

drawn from the management of these companies can be applied to companies of any size, the two authors argue in an article in the latest McKinsey Quarterly which summarises their book. They include "managing purposeful innovation" (by various means, such as the MCI technique); providing entrepreneurial leadership; and achieving e balance between spirit and discipline.

Obsessive

The leaders of midsize growth companies successfully instil their own obsessive commitment to the company into their colleagues and employees, say Clifford and Cavanagh. This does not necessarily require charisma. Some of the winning chief executives, including MCI's Bill McGowan, have more than their fair share of it, but many more "are mere mortals when it comes to moving a crowd, capturing the imagination of the press, or evoking passionate followings.

"But their personal leadership is effective, because through soft-stated example they instil values. They care about those values and about their people. Cleerly charisme helps, but the medium is not the message; substance is." Another key aspect of successful leadership, argue the two euthors, is planning for one's own retirement. More

than any other issue, this apparently preoccupied the chief executives they interviewed during their study. "The most successful entrepreneurial executives have the organisational perspective and personal security to anticipate when the organisation's future demands better, different, or new akills, talents, energy or focus—and to stand aside when

Achieving a balance between entrepreneurialism and dis-

Successful chief executives also make sure that objectives and procedures ere not in con-flict with each other. The bigger and more disparate the organisation, the more likely this is to happen, wern the two euthors. "Managers ere told to 'get close to their customers," but then travel hudgets are cut. Innovation end risk-taking are encouraged by the boss's words, but monthly profit goals and incen-tive plans tied to them punish small mistakes... Rhetoricians call these situations irony. We call them lousy management. Published in US by Bontam, price \$19.95. To be published in UK in March by Sidgwick & Jackson, price £14.95. t Autumn 1985. From McKinsey & Co. 74 St Jomes's St. London SW1, and McKinsey offices worldwide.

Miss Melita Marshall

We are asked to correct We are asked to correct the impression given by our September 24 1985 review of Domino Printing Sciences ple under the title "From corner shop to supermarket" that Miss Marshall, who had by then resigned from the Board of the company, did so at the company, did so at the company. pany's request because changing management

Miss Marshall in fact left miss Marshall in fact left the company for her own reasons and to the regret of the company. Her abilities as a director to sostain the growth of the company were not called into question. Domino wishes to apologise to Miss Marshall for any implication to the contrary which may have been given.

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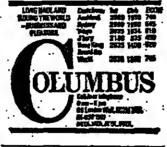
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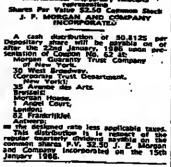
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FT COMMERCIAL LAW REPORTS

Removal of fixtures without filling holes is an act of waste

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Court of Appeal (Lord Justice Rerr, Lord Justice Dilion and Sir George Waller): December 20 1985

A TENANT who lawfully removes tenant's fixtures during his tenancy commits an act of waste if he falls make good holes left by the fixtures which affect the structure of the building; and where a director instructs his company to remove tenant's fixtures without making good, he may be made personally liable to the freeholder for the company'e act of waste.

The Court of Appeal so bold (Sir George Waller dissenting) when dismissing an appeal by Mr Philip Givertz from an order made by Sir Ian Porcival QC made by Sir Ian Porcival QC sitting as e deputy Official Referee. By that order the plaintiff, Mancetter Developments Ltd., was given judgment for £524 against Mr Givertz, second defendant to an action for waste. and for £771 against the first defendant, Garmanson Ltd. Gar-manson was insolvent and in liquidation. It did not appeal.

* * * *
LORD JUSTICE DILLON said
that Mancetter owned industrial premises in Northamptonshire. On January 29 1973 it let them to Pilot Chemical Company for 42 years, with full repairing obligations on the tenant.

Pilot used the premises for a chemical business and, to that end, put in various pipes which plorced the outside walls of the building. It also put in extractor

Installation of the fans and olpes involved cutting boles in the cladding and lining of tha walls or in the brickwork it was inferred that the installation was dona with Mancetter's consent. It was common ground that the faus and plees were tonant's fixtures which Pilot would have been entitled to remove during the term of the

Pilot failed to keep the premises in repair and got into fin-ancial difficulties. On Jazuary 6 1978 a receiver was appointed. He agreed to transfer Pilot's assets, including the lease and tenant's fixtures, to Garmanson, a company formed or acquired for the purpose.

On February 6 the receiver sold and transferred Garman-son's entire issued share capital to another company, of which Mr Givertz was managing direc-

tor. Mr Givertz thereupon be-came a director of Garmanson permissive waste. and was its only active director. Garmanson went into occupation of the premises on February 6 1978. It decided that it was not viable to continue trading there and delivered up possession to Mancetter in October.

Before delivering up posses-sion it removed all the tenant's fixtures installed by Pilot. Thet was done by employees and removal contractors, instructed by Mr Givertz. It involved re-opening the holes in the clad-ding, dining and brickwork, which bad been made when the fixtures were installed.

No attempt was made to fill up or make good the boles. Man-cetter suffered damage. When it re-let to new tenants it had to allow a seven month rent-free period because of the disrepair. In 1981 Garmanson went into Equidation. It was insolvent. Mancetter's claims against it were only relevant insofar as they provided the basis for a claim against Mr Givertz personally as Garmanson's sole active director who geve the instructions.

instructions. Mr Givertz was under no Mr Givertz was under no liability in contract to Mancetter nor was be a guaranter of the original lease, or of any arrange-ments under which Garmenson

was lat into possession. There were, however, cases which established that if a director gave instructions for the comtor gave instructions for the com-mission of e tort by the company, he might be personally liable in damages to the injured party, though the tort was the act of the company (see Rainham Chemical Works [1921] 2 AG 465, 475; Performing Rights Society [1924] 1 KB 1, 14-15).

The Official Referee bold that, The Official Referee bold that, in removing the fixtures without making good the holes in the brickwork, cladding and lining, Garmanson committed acts of waste which were tortious. Ha further field that as Mr Givertz had directed the tortious acts be to the content of the con was personally liable in damages to Mancetter.

If the judga was right that Garmanson's acts were acts of waste, Mr Givertz's personal liability must follow, because be directed and procured those acts. The question was whether Garmanson's acts were acts of waste-io tortious.

"Waste" was defined in Wood-fall's Law of Landlord and Tenant Vol 1, p 644 as being "a spoil or destruction to houses gardens trees or other corporeal hereditaments to the injury of the reversion or inheritance."

Permissive wasta was e matter of suffering brildings to fall into disrepair by neglect. Voluntary waste, which was in question in the present case, was said in Woodfall to be actual or commissive, as by pulling down houses or altering their structure.

Waste was a somewhat archaic subject. Actions for disrepair were now usually brought on the covenant. But there was no reason to doubt the continuing validity, as a statement of the current law, of the following passage in Woodfall: "When fixtures which bave become part of the realty and irremovable according to lew have been removed, the landlord may sue for waste. . . Where such waste amounts to a breach of covenant, the landford may sua either in tort, or on the covenant . . ."

If removal of fixtures which bed become part of the realty and irremovable according to law (landlord's fixtures) was actionable for waste, what was the position where tenant's fixtures were lawfully removed, but the place where they were inthe places where they were installed were not made good?

It was possible thet when a tenant's right to remove trade fixtures was first recognised by the courts, that right was upheld errespective of any damago caused to tha premises by the removal (see Poole's case, beard in 1703, reported in (1822) 1 Salb 388) Salk 368).

However, the position that developed was that "tho tenant is liable to repair the injury tha premises may sustain by the ect of removal" (Ames and Ferend on the Law of Fixtures 3rd ed, page 124).

The extent of the liability as expressed in Foley (1844) 13 M & W 174, 196, 199 was that tho tenant must leave the premises in such a stata as would be most useful and beneficial to the lessers or those who might next take the premises, and must not leave them in such e state as not to be conveniently applicable

to the same purpose.

That was interpreted as a requirement of tha law that if tenant's fixtures were removed the premises must be mado good to the extent of being left in a reasonable condition.

The liability to make good or to repair, insofar as it was a liability at common law and not

under contract, must be the hability of the person who removed the fixtures and not of the person, if different, who originally installed them and left them there.

the tonant's right to remove tenant's fixtures. Therefore re-moval without making good, being in excess of the right of tort. It was commissive rather than permissive waste.

It seemed contrary to common sense and to the concept of voluntary waste as something which applied even in the absence of any contract or repairing covenant, that e tenant should be allowed to remove fix tures without filling in the holes.

So long as the fixtures remained installed, the building was wind and weather proof. If was wind and weather proof. It they were removed and the holes not filled, the reversion suffered damage. To make good that dam-age by filling in the holes was part of the condition attached by law to Garmanson's right to re-move the firtures. move the fixtures.

The filling of screw or nail boles might be a matter de minimis, and the tenant's obliga-tion did not extend to redecorating. But the leaving of holes such as those in question affected the structure and was not a matter of mere decoration. The appeal should be dis-

Lord Justice Kerr gave a concurring judgment, SIR GEORGE WALLER, dissent ing, said that all Garmanson did was to remove its own property without doing any damago to the walls. The realty was a wall with a hole in it and not a wall

any case where it was bold that voluntary weste could be com-mitted by an omission to do something.

with a hole fitted with an exhaust

Since It was accepted that no damage was caused to the walls when the fittings were removed it could not be said that Garmanson was guilty of waste in re-moving the fittings. There was no tortious act at that time. It followed that Mr Givertz could not be guilty of authorising a

For Mancetter: Oliver Smith (F. B. Hancock and Co., Banbury).
For Mr Givertz: Nicholas Nardecchia (Robbins Olivey and Blake Lapthorn, agents for Leeds Smith, Sandy). By Rachel Davies

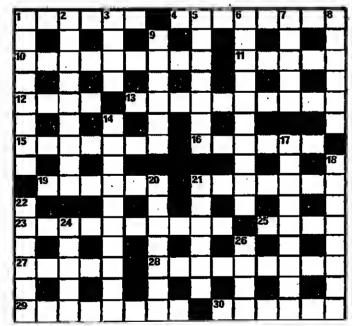
spon or destruction to houses gardens trees or other corporeal hereditaments to the injury of the reversion or inberitance."

It was divided into two main to make good was a condition of the fixtures and not of the published in volume form with the person, if different, who originally installed them and the full texts of indements. For details contact Kinwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD.

These Reports will be published in volume form with the full texts of indements. For details contact Kinwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. THESE REPORTS will

The Princess Alice We care for the terminally it of all terminal tons. We upge the people terminations. We upge the people terminations to assist us with our pureling coults of more than the people of the people than the people of the peopl We will be pleased to bill you how you can help us to care by each donations, covenants sto The Princess Alice Hospics ESHER, Serrey Telephone: Esher 60511

F.T. CROSSWORD PUZZLE No. 5,928



- ACROSS

 1 and 4 Found out like acrobat in 13? (6, 2, 3, 3)

 10 US call him in variety—seen
- in 13? (5-4) 11 First one in 13 is a special occasion (5)
 12 Ted and Una initially could
- be performing in 13 (4)
 13 Where saw-bones works (3, 7)15 A noise surrounding hogin-ning of trick is to bewilder
- 20 Arrogant bowler from the top shelf? (4-3)
 21 Voice included in 16? (Perhaps, by chance!) (6)
 22 Fielder close to wicket—a 16 Noteworthy groups possibly in 13 (8) in 13 (8)
 19 and 21 Keep the business going in 13 (2, 4, 3, 4)
 23 13's main males (7, 3)
 25 Iran fails to fall (4)
 27 Don to misload (3, 2)
 28 Francisco one heart is 50 mistake (4-2)

 2 Voices included in 16 for some theatrical "Tosca" (5)

 26 Parts of what'a 27 in 13 (4)
- 28 Eurasian, one bears, is 50 per cent of 13's players (45)
- 29 Dot's tape rewound to take place later (8) 30 Whispers heard in 13 (6)

DOWN

- 1 Made coin for change appearing in 13? (8) 2 Description when sheets are undiaturbed? (7-2)
 3 Take top off shed that's hired (4)
- nired (4)
 5 Lion, wild with nervous offect from the river (7)
 6 Passed on from a palm?
 (6, 4)

Solution to Puzzle No 5,927

7 Anxiety produced by flying

gnats (5) 8 I down will hope for more

than this (6)
9 He'd followed Club and got

into bot water! (6)
14 Those with roles in 13 were

originally this (10) 17 13's production has to be

before first 11 (9)
18 Wearing combinations? (4-4)

APPOINTMENTS

New chief for **John Menzies**

oxecutive capacity. Ho will be succeeded by Mr Ranaid Noel-Paton who joins John Menzies later in the year. Mr Noel-Paton is currently general manager, Far East, of British Caledonian Airways based in Hong Kong.

Mr H. E. Fitzgibbons has joined the board of HAMBROS ADVANCED TECHNOLOG TRUST as managing director. TECHNOLOGY

Mr Barry Perry has been appointed managing director of CROWTHER OF SYON LODGE.

GRUNDON GROUP has refrom the first of the founder, Mr Steve Grundon. Mr Steve Grundon. Mr R. R. (Dick) Willgoss becomes group chairman. He was managing director of S. Grundon (Services). Mr Manage Grundon (Services). vices). Mr Norman Grundon is appointed group managing direcappointed group managing director. Ho was previously managing director of S. Grundon (Waste). Three new directors are appointed to the boards of both Grundon Group operating companies: Mr Derek Steggall, Mr A. J. (Tony) Mitchell and Mr Richard D. Bray.

THE HICKLE THE HICKIE BORMAN
TRAVEL GROUP has been established by AGB Research, Mr
Vladimir Raitz and Mills Reif
Leisure. The new company
acquired the travel agency businesses of the three shareholders,
namely Travel Specialists, Hickio
Borman Travel, Holiday in
America (London) and Jetstar
(Ewell, Surrey). Group chairman will ba Mr Vladimir Raitz.
Group managing director and
group deputy managing director Group managing director and group deputy managing director respectively will be Mr Atan Reif and Mr Mehael Mills from Mills Reif Leisure. Sir Bernard Andley and Mr Peter Tyrer from AGB Research complete the board.

* The NFU MUTUAL INSURANCE SOCIETY has appointed Mr W. R. Morrow as a general director from February 1. He succeeds Mr B. R. Martin who

succeeds Mr R. B. Martin who retires on January 31. Mr Morrow is a former president of the Ulster Farmers' Union.

Mr T. P. Callaghan is retiring as works director. In addition, as managing director of JOHN in the absence of the chairman MENZIES on October 1. He will and managing director, Mr Tomremain on the board in a non-kins will assume responsibility. as second-in-command. Swindor Letter File has promoted Mr Alan Sawyer to sales director and Mr Graham Walker becomes a director with special responsibility for group transport.

Mr Deals Brain has been appointed director of customer services by TRIFID SOFTWARE. a division of American Can (UK).

Mr John Birch bas been named seuior vice president, director of buman resources for BURSON-MARSTELLER/UK. He moves from New York to Burston-Marsteller's London office.

EDMUND GOODRICH has appointed Mr Roger Miles to the board as merchandising director. He was formerly purchasing director of GKN Stern Osmat.

Dr Patricia Crocker has been appointed to the new post of director of information technology at the LSE from March 1. Dr Crocker is currently head of the computer service at the Polytechnic of the South Bank.

GIROBANK has appointed Mr Geoffrey Taylor in the new role of head of international and City services. He will be based at the bank's London headquarters in the City.

THE NATIONAL ECONOMIC THE NATIONAL ECONOMIC RESEARCH ASSOCIATES INC has appointed Mr Patrick Jenkin as a member of its UK advisory board. He was a member of the Cabinet from 1979 until September 1985. NERA is e member of Marsh and McLennan Commencer and McLennan Companies Inc.

PACIFIC SALES ORGANISA-TION bas appointed Mr Andrew Lawson as deputy managing director with marketing respon-sibilities. He joined in 1984 as commercial manager.

Mr John C. Botts has been eppointed chairman of CITI-CORP INVESTMENT BANK Ha will be directly responsible for the bank's corporate finance activities in the UK including persons and acquisitions and Mr R. E. C. McCathy has been appointed as chief executive of DELERAY (HOLDINGS).

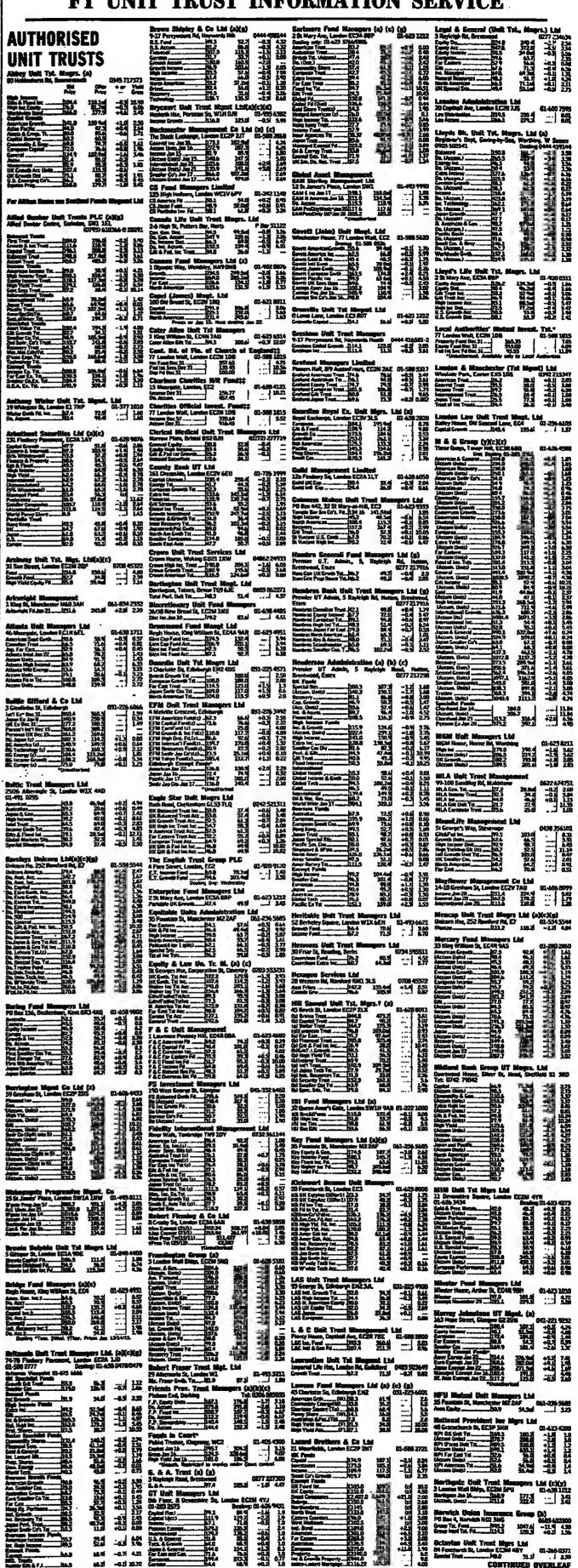
**

Mr Parry Regers, chairman of the Institute of Directors and a director of Tha Plessey Co, has joined the board of BUTLER (COX & PARTNERS as a nonexecutive director.

**

Two companies within the SWINDON GUIDEX group have made significant board appointments: Guidox has appointed ments: Guidox has appointed ments: Guidox has appointed the companies of the previously in London as regions treasurer of Citibank NA. Himore recent assignment was treasurer for North America: Gittcorp's beadquarters in Net York.

FT UNIT TRUST INFORMATION SERVICE



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96.00 97.80 99.25 100.00 100.75 101.50 102.25 102.76

Legal row

looms

crisis

over tin

By Stefan Wagstyl

A LEGAL row io threatening

to erupt at the London Metal

Exchange in the wake of the apparent failure of attempts to

reach a negotiated settlement of

the tin crisis.
Shearson Lehman Brothers,
the US trading company which
is part of the American Express

group, has sent two solicitors' letters—one to the LME Board and snother to LME trader Macisine, Watson, a subsidiary

of the Drexel Burnham Lambert investment bouse. A second American Express sub-

sidiary Shearson Lehman Metals, an LME trader, is not

directly involved in the action

concerned about the continued suspension of the tin market,

which has been closed since October 24 when the Inter-national Tin Council ran ont of money with debts to LME brokers end in banks.

The company is understood to have outstending tin con-tracts wi)b Maclaine Wetson which heve fallen due during the auspension period. Shearson

Lehmen Brothers wants Mac-laine Watson to pay interest on the outstanding money—Mac-laine argues that since tin trading has ben suspended by

As a result Shearson Lehman

Brothers has sent a solicitors' leter asking the LME board to

and 16 commercial banks which

ere owed money by the tin

Meanwhile, Japan yesterday presented a variation on the latest rescue proposalo for the tin merket which involve con-

visional since it started in 1982, to making it definitive thereby

conneil.

the LME it is not liable.

Sheerson Lebman Brothers is

Malaysian commodity earnings decline

By Wong Sulong In Kuala Lumpur

EXPORT EARNINGS from Meleysia's non-oil commodities wece estimated to bave declined by 6.7 per cent lost year to 14.4bn Ringgit (US\$5.97bo) compered with 15.4bn Ringgit in 1984. Detuk Paul Leopg, Minister of Primary Industries, said yesterday.

In a statement on the per-formance of the country'e primary commoditias, he attriprimary commoditias, he attri-buted the lower export earnings to the fall in prices of rubber and palm oil, particularly in the second balf of the year. Earnings from rubber fell by 20 per cent to 2.92bn Ringgit, with volume little changed at

1.5m tonnes. Palm oil and palm kernel oil

Paim oil and palm kernel oil exports rose by 10.5 per cent to 3.29m toneo, but beceuse of weak prices, earnings fell by 11 per cent to 5.09bn Ringgit. The bad a difficult year, with the collapse of prices following the closure of tin trading on the London Metal Exchange last October. Production fell by 12 per cent to 36,279 tonneo, although exports rose by 36 per cent to 54,000 tonnes due to higher imports of tin concent to 54,000 tonies due to higher imports of tin concentrates for smelting and reexport. Export earnings were estimated at 1.56bn Ringgit compared with 1.16bn Ringgit in 1984.

More than 8,700 tin miners lost their jobs last year, with the closure of more than 100 mines leaving loss than 100 mineo, leaving less than 13,000 workers in the depressed industry.

The only two commodities which recorded good export gains were coroe and pepper, which are relatively minor cropo, although the former seems set to become Malaysia'a third export crop after palm oil and rubber.

Cocoa exports rose 14 per ceot to 75,000 tonnes, and earn-ings totalled 373m Ringgit, an iocrease of 11 per cent. Earnings from pepper were even more impressive, surging abesd by 77 per cent to 140m

Philippines sugar shortfall likely

Rioggit

By Samuel Senoren in Manila PHILIPPINE sugar production for the first four months of the 1985-86 crop year, which began last September, reached only 380,000 tonnes, indicating that the netional production target of 1.3m tonnes for the crop The industry bas to set aside.

The industry bas to set aside.

208,000 tonnes to sblp to the
US as the Philippines' share of
the US export quots.

Production for the year is

not expected to be enough to meet both domestic demand and the US quota but officials bope to cover part of the shortfall with e surplus of about 100,000 with e surplus of about 100,000 cotton experters and effectively subsidising domestic cotton production, will put the downward pressure on

Agreement near on farm aid fund

BY JAMES BUXTON IN ROME

for Agricultural Development and the remaining 3 per cent (IFAD), the Rome-based UN agency which attempts to assist the poorest farmers in the world, expects this week to came its doubts about the value of IFAD company and the remaining 3 per cent from other developing countries.

The US Government overcame its doubts about the value of IFAD company and the remaining 3 per cent from other developing countries. announce the successful con-clusion of long-running negotiations on the replenishment of its resources.

Mr Idriss Jazairy, the presi-Mr Idriss Jazairy, the president of IFAD, told the Organisation's governing council in Rome that the level of repleniebment was expected to be lower than had been anticlepeted. But be edded: "Ve shall endeavour to utilise these resources effectively with a view to consolideting the gains the fund has thus far made."

the fund has thus far made."

IFAD's future bas been highly uncertain for more than two years, owing both to misgivings ebout the organisation on the part of the US Government and to the financial weakness of the Ones countries. neas of the Opec countries. IFAD was founded in 1977

as an equal partnership between Opec and OECD coun-tries. It began with \$1bn of funds, and in 1982 members agreed a second replenishment of \$1.1bn, of which 56 per cent and at came from OECD countries, 41 ment.

THE INTERNATIONAL Fund per cent from Opec countries

of IFAD some months ago, but objected to the decisions of other members to allow the Opec share of the second replenishment to fall to 40 per cent. Later, however, that objection was overcome.

It is now thought that IFAD members will be able to agree this week on e ceplenishment worth between \$460m and worth perween \$460m and \$500m, divided 60-40 between OECD and Opec countries. But part of the Opec share may be advanced by other developing nations

world's poorest country

CHAD, the world's poorest could double in the next 12 country with an annual per months.

capita income of just \$80, looks act to make a massive loss this dollar has been another factor export earner.

of 45,000 tonnes of cotton fibre, up from 37,000 in 1984-85, Cotonched the Government corporation 17 per cent owned by France's Compagnie Fran-

The deficit accruing to the company could be as much as CFA Fr 9bn (£16.8m), the difference between costs to Cotonchad and the prevailing

prices which in the last 5 months bave plummeted from CFA. Fr. 750: to CFA, Fr. 370. And World Bank officials believe It will drop further.

price is being depressed by an increase in supplies. For example China, a net importer

Mr Jazairy, who yesterday acknowledged the Opec group's "readiness to make sacrifices readiness to make sacrinces in spite of present adverse circumstances." said that the reduced eccond replenishment would be partially offset by the fund'e \$300m special programme to help small farmers in sub-Sebaran Africa. The in sub-Saharan Africa. The \$300m for the three year pro-gramme is to be raised over and above the second ceplenisb-

Cotton price disaster for

BY JOHN MURRAY BROWN, RECENTLY IN N'DJAMENA

year on cotton, lts principal On improved volume figures

Textiles (CFDT), expects to lose more than CFA Fr 200 (41p) on every kilo sold,

world market price.
One reason for this is the

At present the world market

of cotton in 1984, will this year produce 20m bales for export.

months.

The fall in the value of the dollar has been another factor exacerbating Chad'e position.

According to Mr Ali Romba, Chad's Finance Minister and president of Cotonchad, "the president of Cotonchad, "the eituation is very serious." He said be was celuctant to make a cut in prices paid to producers ae this could act as a production disincentive. The price

> a kilo, Another factor is the continuing security problem in the couth of the country. A cut in prices could further antagonise southern groups.
> In addition there appears little chance of savings in

little chance of savings in transport costs. Freight rates from this land-locked country to the Cameroun port of Douala bave increased steeply over the last year according to Government officials.

is currently fixed at CFA Fr 300

Cotton provides over 85 per cent of the country's official export revenues and 70 per cent of Government revenues raised through tax on exports.
With Chad's budget deficit already at CFA Fr 50bn, according to unofficial estimates, the country could be faced with an unprecedented financial crisis unless market conditions improve substantially.

1984-85.
Officials warned that if the production trend caused by depressed world prices continued, the Pollippines would face en scute sugar shortage next year.

A short-term solution may be found through e World Bank loan currently being negotiated. But one official of Cotonchad but one official of Cotonchad or one official or one officia

LONDON **MARKETS** COFFEE PRICES dropped

further yesterday on the Lon-don robusta futures market amid continuing uncertainty over the outcome of the International Coffee Organi-sation's talks on the future of its export control system. The March contract finished at £2,432.50 a tonne, down £20 from Monday's close. This was in line with lower New York values. Traders said the market remains extremely nervous, and many partici-pants are staying on the sidelines at least until the export quota issue is resolved. Prices have now failen by more than £550 since reaching their peak above £3,000 two weeks ago. One possible explanation ago. One possione explanation for this is the buge amounts of coffee which producing countries exported between October and December, much of which will be arriving in the market about now. In other markets, gold closed at \$352.75 an ounce, up \$1.125 on the day but well down on the opening level, following for trading receious in New York 1981. firm trading sessions in New York and the Far East.

ALUMINIUM

	Unofficial close(p.m £ per t		Hightow
Cesh 5 months	791 8 819-20	-1.5	800/794.5 832-217
Official class of the control of the	osing (sm) months 827 (777).		796-7 (775- 7), settle- arb close;

LME prices supplied by Amalgamated Metal Trading.

declare thet while the suspen-	COPPER
sion of tin treding applies to husiness between brokers it should not apply to traders be-	Higher grade Unoffic" +er close - High:low
tween brokers and clients.	Cash 1015 e +8 1011/1010,5 5 months 1044,5 +9.5 1045/1036
The LME Board'e position is understood to be that it does not want to interfere in broker-client matter.	Official closing (am): Cash 10115 (10035), three menths 1039.5-40 (1030- 1), settlement 1011 5 (1003.5). Final Kerb close: 1042-42.5.
The dispute does not belp in the efforts to maintain e united front by the 13 LME brokers	

3 months 1032-5 + 0 Official closing (am); Cash 995-6 (989-91), three months 1027-9 (1019-21), settlement 996 (991). Turmover: 23,100 tonaes, U.5 Pro-ducer prices 69.50-74 cents per paund.

LEAD

tin merket which involve con- tributions from member gov- ernments, brokers and banks to	closelp.ra.l — Highrow
s new company to take over the council's essets and liabili-	Cash 254-5 +2.5 :255:954 5 months 265,5-6 +3 :267,965
ties. The Japanese proposed funding the government share by changing the status of the present Sixth International Tin Agreement, which has been provisional since it started in 1982, for making it definitive thereby	0 micial closing (am): Cash 253.75- 4.25 (252.5-3), hiree reenths 255.5)263-4), settlement 254.25 (253), Final Karb cless: 264-5, Tumover: 7.475 tennes. US Spot: 18-20 cents per pound.

committing members to contri- NICKEL

but only £60m on others. The figures compare with £200m demanded by the latest					
£100m on Jaoanese calculations,	Unofficial + or distance + or				
£200m demanded by the latest	Cash 2785-9 +2 2780 3 months 8861-5 +a.5 2270-2846				
broker-benker rescue plan. How- ever, Japan also proposed rais- ing extra money through a tin import levy.	Official closing (am): Cesh 2775-6 (2775-80), three menths 2840-5 (2825- 30), settlement 2776 (2780), Finel Kerb close; 2850-70.				
The conflict between tin pro- ducers and consumers surfaced	Turnover: 1,004 tonnes.				

High grade	Unofficial + of close ip.m.) - £ per tonne	High/low
Cash 3 months	451.5-8.5 + 13 466-7 + 13.2	450,5/450 5,467,6/458
(434.5-5), 50), settle close: 463 Turnove	closing (em): Co three months 465. sment 450 (435). 44. ur: 11.850 tonnes. 32.50-35.75 cents	5-6 (440.5- Final Karb US Prima

GOLD

Geld rose \$1% en ounce from Mendey's clese in the London bullion merket yesterday to linish at \$352%-353%. The restal opened at \$358%-359% and traded between a high of \$358%-360% and e low of \$351%-352%. Trading was rather uncertain, reflecting current oil price trends and volatility in the loreign exchange rearket. GOLD BULLION (fine ounce) Jan. 21

Close \$552 4-353 4, Opening \$55614-35914 M'ni'g fix, 3352.50 Aft'n'n fix 8356.50	(£24914 · 2501a) (£95244 · 2534) (£259,0331 (£258,000)
GOLD AND PLATIN	UNI COINS
Krg'rnd \$3544-358 1s Krug. \$384-951s 1: Krug. \$384-951s 1: 10 Krug. \$391-40 Mapielez \$364-564-3s Angel \$360-328 1:18 Angel \$360-328 1:18 Angel \$360-328 1:18 Angel \$360-328 Old Sov. \$2814-86 12New Sov. \$2814-00 \$20 Eagle \$450-490 850 Eagle \$450-490 Neb is Plat \$385-3391s	(£261 £51½) (£132¾-133¼; (£67¾-68¼) (£27¾-28½; (£257¾-26½) (£255 £56½) (£265 £56½) (£260½-61; (£2630½; (£264¾-66) (£318¾-347¼; (£278¾-347¼)

Silver was fixed 9.85p an ounse higher lar agot delivery in the London buillion market yeaterday at 436.95e. US can't equivalents of the fixing level wers. Spot 819.4c, up 10c; eix-renements 631.1c, up 10c; eix-renements 631.6c, up 10c; eix-renements 642.85c, up 10.4c; and 12-month 642.85c, up 10.2c. The metal spend at 440.442p (624-626c) and closed at 435-437p (818-617c).

allVER Buillon + or L.M.E. + or per Foling p.ra. + or p.ra. Price unofficil LME—Turnover: 12 (22) lets of 10,000 ounces. Three months high 450p, low 449.5p, not karb 447-9e.

MEAT

Prices opened an e steeder note due to himser obysicals and railind lorther an Ireah buying and abort-covaring, resorts Eastern Cognal-CCST.

Bates: 41 (20) lets of 50 carcases, 3 250 kg.

p, per klio ideadweight)

MEAT COMMISSION—Average istatock erices at representative markets.
GB—Canio 94-21e per kg lw (-1-49).
GB—Sheep 176-17e per kg set dow (-10-18) GB—Pige 72-47p per kg lw (-0-54).

US MARKETS. INDICES PRECIOUS METALS traded

FINANCIAL TIMES Jan. 21 Jan. 2014th ago Yearago _* _* _* 298,24 (8ase: July 1 1952=100) REUTERS

Jan. 91Jan. 90 Mth ago Year ago 1849.6 1650.0 1775.9 : 1991.6 (Base: September 16 1937 = 100) DOW JONES

Dow Jan. Jan. Month: Year Jones 20 17 ago ago Spot 153,25 155,45 - 122,57 Fut. 100,87 134,49 - 125,72 (Base: December 31 1931 = 100)

Not evellable due to suspen sion of the LME.

MAIN PRICE CHANGES

	Jan. 198	81 + .	or M	ionth age
METALS		·		
Ajuminium			-1	_
Free Mict		226 +	16 H	T86+
COL DOL		٠!	٦°.	
Cash h Oracle	-1101	4.	3	
Gold Troy oz	.0520	76 - 1	126	1296
Lead Cash	E954.	5 + :	2.5	264.
5 mths	c268	75,+	5 . 4	276.
Nickel	_1		i	
Free Mkt	I78:19	90 —	<u> 1</u>	83,200
Palled lurn 02	'8106.	90]+	- 20	24.2
Platinura oz Quioksilvert	- POOU	40	3, 350 G	1250 P.
Silver troy oz	436 0	50. + 5		C. C
a months	450.7	Do +I	0 69 4	168
Tin cash	. :	- 1		. 1
3 months Tungsten		:		
Tungsten	- 663.7	1 j		69.7
Wolfram 22.81b	_,353.6	1 ;		35.0
3 reenths	-15428	. ! * .	10 P	490
Producers.	ERROU.	m T "	23.2	

Barley Fut. Mar. £114.70 -0.5 £116.05 Maize £141.00 - £142.50 Wheat Fut. Mar. £116.75 -0.60£116.05 No. 9 Hard Wint.

Unqueted, † Per 75 lb flask, c Conte

COCOA

again, traded in a	t I
ith sterling centinuing	
closed on a steady no	ite
stry and second-head	
tuuls was epparent wi	rik
sained sidelined, repo	ırı
ffus	

	Yesterday's Close	+ 01	Business
COCOA	£ per tonne	-	Done
March May July Sept Dec March	1748 1749 1772 1778 1786 1788	+8.0 +0.0 +2.6 +6.0 +9.0	1726-1710 1727-1716 1749-1748 1775-1767 1786-1779 1602-1795 1826
Seles: 3	278 - (2.549	- local	of 10

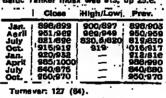
COFFEE

dvanced g on commit nus lexer extended e	radually to son hous them Lami the after declined	noon o	nged prices C30 higher ng, reports Gains were pening call g a mpre lling.	SEMANA
COFFEE	Yests rely's Close	+ or	Business Done	O
	-			1.2

Seles: 6,310 (5,139) lots of 5 tonnes. ICO indicator prices (US cents por pound) ler January 20: Come dolly 1973 198.18 (200.26): 15-day average

FREIGHT FUTURES

The market rerealed unchanged with no least news from the physical rearket. Easter bunker luel was the only notable feature in an otherwise quiet day, reports Clarkson Wolff. The Zaltic Freight Index was 904, down 3.5. The Beltic Tanker Index was 913, up 29.6.



GRAINS

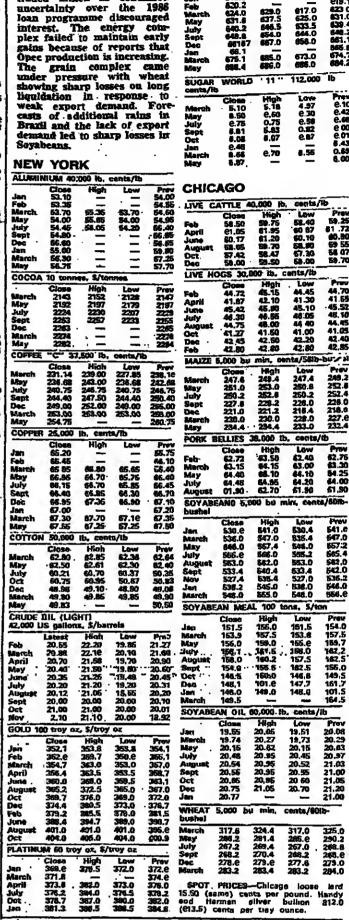
Old crop wheat continued to drift lower, reflecting a lacklustre physical market. Old crop being step closed 50p lower, virtually untmoded. New croe wheat eaw some buying interest to close about tready, raports Mulipace.

Mar. 114.50 -0.55 118.20 -0.50 Mar. 116.75 -0.50 114.70 -0.45 May 120.05 -0.56 117.90 -0.59 July 122.50 -0.50 -0.50 Now. 103.10 - 102.50 -0.25

HGCA—Locational on-farm appropriate Feed bastey: S. East 111.40, S. Wast 111.60. N. West 110.40. The lik mentary coefficient for the week beginning Menday January. 27 (based on HoCA calculations using five days archange raiss) is expected to be unchanged.

JUTE—Jan/Feb c and I Oundee STC \$450, 3WC \$450, STD \$416, 8WD \$425; c and I Antwere STC \$430, 2WC \$440, BTD \$390, 2WO \$400.

erratically as early specula-tive buying encountered tive buying encountered strong resistance from trade selling, and subsequently. values were on the defensive on commission house liquidation, reports Heinold Commodities. Copper and aluminium weakened on nervous selling linked to sterling weakness. Sugar recovered from early lesses to close bigher as good commercial support emerged. The lack of fresh each interest continued to weaken coffee lack of fresh cash interest continued to weaken coffee values. Cocoa remained under pressure as arbitrage selling continued to emerge. Cotton traded mixed as continued uncertainty over the 1986 loan programme discouraged interest. The energy complex failed to maintain early



POTATOES

April aponed 40p down in line with an essier physical market and lower britch quote, but the buying intorest that was previously in avidence at these lovels was egain present and values quickly recovered. Throughout the attempoon the rasket wee locked in a narrow trading range, reports Coley and Harper.

Yesterday's Previous . . . £ per tonno . Feb 98.00 | 80.00 | 98.88-78.58 Apr 93.10 | 93.00 | 95.50-92.08 May 29.20 | 99.10 | 98.38-99.30 Mov 77.20 | 76.70 | 76.977.55 Feb 94.50 | 82.00 | 24.58-85.50



Sales: 902 (196) tots of 20 to SUGAR

LONDON DAILY PRICE—Raw sugar e112.50 (£82.50), down \$1.00 (unchanged) a bane for Jan-Feb dulivery. Whits augar \$150.00, down \$1.50. The market came under mnewed pressure from long liquidation in the agot March position which fall to a new less for the move. Prices recovered later to close near the highs, reports C. Czernikew. \$ per tonne

Sales: 2,157 (1,396) lots of 60 Sales: Z.157 (1.396) lots e1 60 tonnes.
Tels and Lyle dalivery price for granulated beets auger was £184.50 (£184.00) e tonne for expert.
International Sugar Agreement—) Lie cane per peund leb and stowed Cambbaan ports.) Pricee for Jan 20: Oaily price 4.45 (4.43); 15-day average 4.70 (4.72). (4.72).
PARIS—(FFr per tenne): Mar 1211/
1216, May 1250/1252, Aug 1305/1310,
Oct 1346/1360, Dec 1380/1395, Mar
1445/1455.

OIL

After a brief recovery during the moming aware crude prices continued their descent. Nymex sponed 730 up for February but was tracing over a dollar down by 1.30 per EST.

Latest + or

Turnovar: 6.848 (6,100) lots of 100

GAS OIL FUTURES S U.S.

CRUDE Oil Filtures—Brent Slend Indes (\$ a barral) (Closs, chango, business done): Indea 20.95, — 1.22, Feb 20.80-21.35, — 0.475, 21.70-20.21; March 13.00-12.60, — 109, 20.000-18.60; April 18.80-18.50, —0.60, 19.90; May 12.50-19.00; June 19.00-19.00

Turnover: 63)558) lota al 1,000

RUBBER

PHYSICALS — The Lenden rearket opened unchanged, entracted no introduction of the day and clessed dull, reports Lewis and Past. Closing erices (buyers): Spot 95.00p 19.25p), Fob 57.75p 198.25p), March 88.25p (58.75p). The Kuels Lurapur Leb erices (Molaysiu/183.5 (184.0) and ler SMR 20 180.0 (174.0).

Chile's low cost copper puts the squeeze on competitors

IN 1982 Chile displaced the US as the world's largest producer of primary copper. Last yeer chile's mine output of 1.28m year for several years, largely tonnes exceeded US production from cash flow and commercial the shout 20 page 2011. But the large The investment is the mine's future for at least the mine's future for at least by ebout 20 per cent. By the end of this decade, existing mines in Chile are likely to be producing 1.7m tonnes of copper a year, and new mines could lift the total to over 2m tonnes a year in the early 1990s. Us copper mine production, in contrast, has failen by 30 per the two largest mines, and perly to increase output of mined and refined copper and reduce production costs still further. a year in the early 1990s. US copper mine production, in contrast, bas fallen by 30 per production costs, stern environ-mental reguletione and a stroog dollar. Over the next five years US mine production will at best

stagnate at just under 1m tonnee of copper a year. More oignificantly, Chile is fined copper, and its largest export market is the US. Domin-ance in the world copper mining industry is therefore passing conclusively from the US to

Chile.

The contrast between sustained growth in Chile and decline in the US, during e period of depressed copper prices since 1981, was a powerful influence behind the appeal by US copper producers in 1984 for protection against imports. That appeal was rejected by President Reagan but cesentment still surfaces in the recurrent complaints from US copper companies that prices are depcessed by excess supplies from third world producers who are alleged to be subsidised

These accusations are wide of the mark in celation to Chile, whose expansion is founded not on subsidies but on high grade orebodles and low production costs. The major expansions are taking place within Codelco, the state-owned company which operates the four largest conner of acilities came on stream at the state of the state

disposal system will eafeguard the mine's future for at least another 30 years. The net effect of these and other investments will be to raise Codelco's mine production from 1m tonnes of copper in

1985 to about 1.36m in 1990. Even then its vast orebodies contrast, bas fallen by 30 per cent from its peak in 1981, under the pressures of high Christopher Stobart on the continuing push to expand production capacity

which accounts for more than producer, operates no minea but half Codelco'o output, a 50 per smelts and refines the output of cent increase in mine output will come oo stream in 1988, to coincide with the completion of a new flash smelting furnace. The cefinery will also be enlerged, so that the additional output can be sold in the form of refined copper. Sulphuric acid will be recovered from the enlarged smelting facilities (alleviating a aerious pollution nrohlem) and will be used to leach copper from waste dumps copper companies that prices are depressed by excess supplies from third world producers who are alleged to be subsidised either by their governments or by international agencies such as the World Bank.

These accusations the World Bank. entire output of Canada or Indio, a gold mine operated by These accusations are wide of Zambia); at least 700,000 tonnes St Joe Mineralo, plans to raise

many of Chile's medium-sized and small mines. Smelting capacity rose by some 20,000 tonnes e year in 1984 to 170,000

In the private aector of the Chilean mining industry. Mantos Blencos, now controlled by the South African Anglo American group, expanded its mine capacity by one-third in 1985 to 80,000 tonnes a year. Exxon's eubsidiary, Disputada, will double the size of its El Soldado mine by 1987, to 60,000 tonnes of copper a year. El Indio, a gold mine operated by

operates the four largest copper facilities came on stream at the minee in Chile.

In addition to these extends sions, Chile should see the de-All four mines are comfortably profitable, even et a depressed copper price of around likely to bring unit costs down five years. Rio Algom, the

Canadian associate of Rio Tinto-Zinc, is close to finalising financing of \$220m for the Cerro Colorado mine which will produce 60,000 tonnes a year from 1990. Finland'e Outo-kumpu bas e 25 per cent equity stake and will buy one third of the mine's output in the form of concentrates; West Germany will buy the remainder.

Within 18 months the financing of over \$1bn for La Escon-dida abould be complete. This dida abould be complete. This huge, high-grade deposit, owned jointly by Australia's BHP through its Utab International oubsidiary (60 per cent), RTZ (30 per cent) and a Jspanese consortium (10 per cent) will be capable of producing 300,000 tonnes a year aterting from mid-1990.

Chile's ability to finance or attract investment on this scale in copper mining suggests that the industry's crisis-ridden image worldwide is unduly influenced by the poor state of high-cost North American copper producers. Chi)e's new domintonnes and a further increase of 55,000 tonnes e year is planned by 1990. Refining capacity will rise et the same rate.

In the private of the copper market worldwide. For example, Codelco is anxious to see the tin crisis resolved, in order to remove the copper market worldwide. order to remove uncertainty from the London Metal Exchange's copper market, but is likely to press for changes in the structure of the LME itself Codelco is also taking a lead with RTZ, in promoting end-use markets for copper, now under threst from other materials.

Finally, Chile has been responaible for recent advances in the technology of smelting and in hydro-metallurgy. These promise to continue the downward trend in production costs, which will put further pressure on less profitable competitors who cannot afford to invest in improved technology. Moce than ever before, Chile is the country that will influence the future shape

of the copper industry, Christopher Stobart is o director of Commodities Research

Financial Times Wednesday January 22 1986

CURRENCIES, MONEY and CAPITAL MARKETS

nonths ago.

The yen improved against o

OTHER CURRENCIES

£

Arg'tine 1.1204-1.10970.8000-0.8010 Aug'aile 9.0380-9.03601.4265-1.4275 Srezil 16.108-16.197.11.400-11.465 Finland 7.6860-7.6985-3.4400-6.4490

Jen 21

FOREIGN EXCHANGES Pound and dollar weak

raies.

This tended to stabilise the market briefly and sterling's exchange rate index recovered from an opening level of 76.6 th 76.8 at 10 am. During the afternon bowever trading became very thin and extremely volatile and with the possibility of an oil price war after the next Opec meeting sterling slipped every meeting, sterling slipped away to finish at 78.2 on its index, the lowest closing level since March last year. Against the dollar it fell to \$1.4065-1.4075, a drop of 85 points from Monday. Against the D-mark it fall to

Against the D-mark it fall to a record low of DM 3.4575, down from DM 3.4975 on Mondry and Y294.75 compared with Y298.50, Against the Swiss franc it slip-ped in SFr 2.9325 from SFr 2.9675 and FFr 10.6075 from FFr 10.7175 SFT 2.9675 and FFT 10.5075 from change rate index fell to 125.9 from 126.2.

The dollar also suffered, having spent most of tha morning confined to a narrow range.

D-MARK — Trading range ing confined to a narrow range.

Sterling fell to its lowest level since March last yoar, reflecting fears about lower oil prices. Early trading saw the pound fall to DM 3.4750 against the D-mark, a fall of over 2 pfennings from Monday's close but tho weaker trend was sooo reversed as the Bank of England entered the market in an affort to avart a further riso in domestic interest raiss.

The market was still mable to make any positive move after an average 2.5120. Exchange rate index 13.19 against 124.3 six months ago.

The D-mark was a little higher against the dollar in Frankfurt yesterday with the US unit finishing at the price of the pri

£ IN NEW YORK Jan. 21 Prev. close

figures, giving rise to fears of a downward revision, the dollar finished on a weak note of DM 2.4570 from DM 2.4710 and SFr 2.0840 from SFr 2.0870. It was also lower against the French franc at FFr 7.54 from FFr 7.5725 but improved slightly in terms of the yen to Y202.40 from Y202.35. On Bank of England figures, the dollar's exchange rate index fell to 125.9 from 126.2.

POUND SPOT-FORWARD AGAINST POUND				CURRENCY	MOVE	MENTS			
Jan 21	Day's spread	Close	One month	% p.a.	Three months	% p.s.	Jan. 17	Benk of England	Morgan Doznanty
US .	1.4040-1.4205	1.4065-1.4075	0.63-0.60c pm		1.79-1.74 par			Index	Change ?
Ceneda Nethind Segium Osomark Ireland W. Ger. Portugal Spain Italy Norwey Finnce 3 weden	70.49-71.34 12.69-12.791, 1.1365-1.1480 1.45-3.499, 223-2259, 2105-2185- 23524-22795, 10.644-10.74 10.564-10.71	1.5842-1.5860 3.863-3.863-7 70.50-7; 60 12.69-7; 70 1.1365-1.1376 3.454-3.464 2234-2243 2163-2163 2354-2265 10.604-70.614 10.73-10.74	34-24c pm	7.52 2.98 4.84 -0.11 8.11 -14.46 2.08 -2.31 -0.21 3.68 -0.14	100-15 pm 18.27 dia 11-14 pm 31-113 pm 11-14 pm	7.23 2.83 4.84 -0.02 6.38 -13.76 1.06 -3.82 0.34 0.31	Sterling U.S. dollar Cenadian dollar Austrian schüling Bedgian jranc Denhah Kroner Denhah Kroner Denhah Kroner Guider French franc Lire Yen	80.0 189.3 93.1 83.4	-13.3 +10.5 -11.0 +0.4 -2.2 -2.0 +12.8 +11.5 +7.3 -11.2 -19.6 +28.7
	2843-2872 24.35-24.52 2.323-2.363 Igian rate is to 1-month larwar	24.36-24.38 2.925-2.93% or convertible	1.70-1.40y pm: 141-121-gra pm: 21-21-c pm 1races. Financia 3.37c prs. 12-ma	0.72 0.72	4.60-4.30 pm 367-35% pm 67-6% pm 71.50-71.60. 0-5.85c pm.	8.95	Morgan Guaranty 1960-1982-100, Ba (base average 187	nk of Eng	

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Jan 21	Day's spread	Close	One month	Z. P.E.	Three months	% p.s.
UKT	1.4040-1.4206	1.4065-1.4075	0.63-0:60g pm	5.26	1,75-1.74 pm	5.02
Irelandt	1,2375-1,2437	1.2392-1.2402	0.65-0.46c pm	5.32	1.75-1.35 pm	5.00
Canada	1.4018-1.4057	1.4052-1.4057	0.26-0.26c dis	-2.27	0.71-0.76dis	-2.0
Nothind.	2_7505-2_7725	2.7645-2.7655	0.60-0.57c para	2.54	1.57-1.54 pm	2.39
Belgium	50-00-50-30	50,10-50-20	10-12c die	-2,63	30-34 dis	-2.66
Danmark	8.981-9.031-	9.02-8.02	per-sore dis '	-0.42	per-4 dis	-0.14
W. Ger.	24470-24610	2.4566-2,4575	0.79-0.74of om	3.73	2,13-2.06 pm	3.43
Portugal	158-1694	158-1584	160-350c dis	-18.96	400-950dis -	-17.05
Spain	163.07-154.05	153,50-153,70	25-550 dis	-2.13	140-195 dis	-4.36
Italy	1670-1877	1673-1674	12-13tire che	-8.96	37-38 dis	-1.96
Narway	7.551-1.59	7.56-1.57	3-31-ore die	-4.94	27-03 die	-4.75
France	7.50%-1.55%	7.534-7.544	0.90-1.20c dis			-4.04
Sweden	7.514-1.645	7.623-7.633	31-31-ore dis			-4.66
Japan	201.95-202.60	202.35-202.45	0.21-0.78y pm		0.68-0.64 pm	1.30
Austria	17.20-17.30-		23-15 gro pm		Fir Ca per	1.27
Switz.	2.0770-2.0870	2.0635-2.0846	0.78-0.73e pro		2.10-2.05 pen	1.9
† UK	and Iteland a	the US dolla		orward e individ	premitted and fuel currency 50.80-50.90,	d

the service of the se EXCHANGE CROSS RATES

Astron.

	Jan 21	£,		DM:	AEM.	FFr.	S Fr.	HFL	Little	CB	BF
•	£	0.711	2,407 1.	3,458 8,467	284,6 808,4	10.01 7,540	2,935 2,084	0,890 8,765	2355. 1074.	1,985 1,411	70,5
	DM YEN	0,289 3,512	0.407		28,36 1000	0.068 37,25	0,848 10,30	1,125 13,66	681.0 8269,	0,574 0,970	20,4 24,7
	F Fr.	0.943		0.259 1.179	968,4 87,10	10. 5,017	2,765 1,	0.687 1.027	2220, 802,8	1.871 0.077	65. 24.
	H FL	0.257	0.369	0,889 1,468	70.20 120.9	9.727	0,754 1,245	1.642	606,3 1000,	0.010 0.048	10. 29.
	C S B Fr.	0.504	0.709	1.742	143.0 403.0	5.345 25.04	1,478 4,167	1,960 5,514	1186. 3507.	2,610	85,0 100
	Yes par	1.000: 1	French F	r per 10	t Lira	per 1,00	O: Beig	Fr per	100.		

EURO-CURRENCY INTEREST RATES

Jan. 20	Short	7 Days notice	Month	Months	Months	Year
Storling	111 ₂ -113 ₂ 77 ₂ -8 93 ₄ -101 ₄ 65 ₆ -57 ₈ 15 ₇ -17 ₈ 41 ₂ -45 ₆ 63 ₄ -67 ₈ 12-141 ₂	111s-101s 748-84 87s-101s 05s-57s 11s-11s 41s-41t 9 21s 14-7s-18	15/4-15/4 88/3- 10/4-10/4 3/4-5/3 4-4/3 41-450 969-914 16-17	13 13 13 15 16 25 25 25 25 25 25 25 25 25 25 25 25 25	611-513 41-411 41-411 191-191	131: 10: 84.84: 10: 10: 10: 10: 10: 10: 10: 10: 10: 10
B.Fr.(Fin) Br.Fr (Con) Yen D. Krose Asian \$ (Sng))	975-1018 934-1014 73-715 814-834 818-614	934-10 10-1012 7-2-7-4 814-834 218-614	954-10 1014-11 714-714 214-9 818-814	9% 10 1014 11 078 7 234-914 816-814	944 978 10-1019 6-1-5-16 834-914 8-1-6-16	914-919 919-10 614-668 876-944 8/8-8/1

lour years \$4.50 per cent five years \$4.50 per cent nominel, Sher set lor US dellars and Japasese yes; others two days' notice.

FINANCIAL **FUTURES** Stronger tone

sterling and its reaction to lower oil prices. Comments by Mrs Margaret Thatcher stressing the UK Governments intention to control inflation came too late control initiation came too late to prevent starting finishing at a record low against tha D-mark.

JAPANESE YEN — Trading range against the dollar in 1935-1936 is 263.15 to 199.65. December average 202.747. Exchange rate index 176.2 against 159.2 six results are: another newart move in bank base rates, the market took heart from news that in an early round of being for the money market the central bank had only adjusted its buying rates marginally, and that base rates would not rise yesterday. weaker dollar in Tokyo yester-day. The US unit had been sold in Chicago in very thin trading and closed in Tokyo at Y202.20 down from Y202.95. Trading was a little subdned with a partial closure of US centres. There was After rising to o peak of 88.82 the contract fell back, as the pound camo under renewed presclosure of US centres. There was also some uncertainty ahead of today's revised US GNP figures for the fourth quarter. Elsewhere the yen lost ground against the D-mark with the latter improving to Y82.38 from years? sure on the foreign exchanges, losing over ? cent against the dollar and falling sharply to a record low in terms of the

March three-month sterling deposits closed at 86.53, well down from the day's high, but

down from the day's high, but still above the previous settlement of 88.34.

The reply to a parliamsetary question by Mrs Margaret Thatchar, the Prime Minister, giving top priority to inflation but suggesting that the Government does not want to see another rise in interest rates, camo too lete to influence the camo too lete to influence tho market.
Long-term gilt futures also

opened at the day's low, at 105-27 from March delivery and finished higher on the day, at 107-18, compared with 107-00 previously, showing similar reaction to the short otarling reaction to the short otarling contract.

US Treasury bond futures improved, following good demand in the cash market, and a more optimistic tone to trading. The market will await with interest today's revised figure on fourth quarter US Gross National Product growth. The March contract opened at 83-10 and after touching 84-05, finished at 83-27, compared with 82-28 on Monday.

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Jan 21 Previou 8.30 am 9.00 am 76.6 76.6 77.6 77.8 77.8 11.60 am Noon 1.00 pm 2.00 pm 76.6 76.5 78.6

77.0 78.9

*CS/SQR rate for Jasuary 20: N/A. EMS EUROPEAN CURRENCY UNIT RATES

	Eou central rates	smounts against Equ January 24	from control rate	% change adjusted for divergence	Divergen limit %
elgien Frens	44.8320	44.4757	-0.79	+1.03	±1.5425
anish Krona	8.12857	7.56702	-1.74	~- 0.08	<u>+1.6421</u>
erman D-mark	2.23840	2.17771	-2.71	-8.89	±1.1455
rench Franc	0.86402	6.08154	-2.66	-0.84	±1.3654
utch Gmider	2,52208	2.45236	-2.74	-8.52	+1.5162
sh Punt	0.724678	0.714780	-1.36	+0.47	士1.8573
efian Lira	1520.60	1483.78	-2.42	-1.53	±4.0856
Change week o	s are for E	icu, therefore Liustment calc	positive chi ulsted by F	inge denotes Inancial Time	

MONEY MARKETS

Nerves tighten in London

NEW YORK RATES

The London money market was extremely nervous yesterday, and although the Bank of England could claim to bave kept dealing rates virtually unchanged, dealers continued to fear another rise in bank base rates, because of the weakness of sterling. It was suggested that some market operators

UK clearing banks base lending rate 12; per cent since January 9

showed signs of panic, offering paper at slightly higher rates to showed signs of panic, offering paper at slightly higher rates to the Bank of England, although these bills could have been sold at existing rates. Dealers also fear that another rise of 1 per cent or 1½ per cent in base rates will leave little ammunition to the eatherities if sterling comes under further pressure after the February meeting of Opec ministers. Market liquidity will be increased today by up to £500m through the second part of a repurchase agreement with the banks, on glits and other Government bocked paper, at 2 rate of 12½ per cent.

Three-month interbank touched a peak of 13½-13½ per cent, and closed at 13½-13½ per cent, and closed at 13½-13½ per cent, unchanged from Monday. Discount bouses buying rates for

MONEY RATES

Jan. 21 One Two Three Skr Lorne	
Over night Month Months Months Months Months	
Frankfurt	5
Zurion	
Tokyo 144, 1014 - 144, 1014 - 184, 1014 -	

three-month bank bills rose to 13 per cent from 12½ per cent.

The Bank of England initially forecast a market shortage of £500m, but changed this to through £10m bank bills in band £650m at noon, and provided total help of £665m.

In the early round of assistance the outhorities bought £515m bills outright by way of £11m bank bills in band 4 at 12½ per cent; and £515m bank bills in band 1 at 12½. In the early round of assistance the outhorities bought \$515m bills outright, by way of £1m bank bills in band 1 at 123 per cent; £1m Treasury bills in band 2 at 124 per cent; £284m bank bills in band 2 at 124-125 per cent; £1m Treasury bills in band 3 at 124 per cent; £15m local authority bills in band 3 at 124 per cent; £15m bank bills in band 3 at 124 per cent; £176m bank bills in band 3 at 124-127s per

No further assistance was given in the afternoon. Bills maturing in official bands, repayment of late aristbands, repayment of late and a take-up of Treasury bills drained £280m, with Enchequer transactions absorb-ing £290m. These outwelghed a fall in the note circulation add-ing £75m to liquidity, and bank balances above target by £5m.

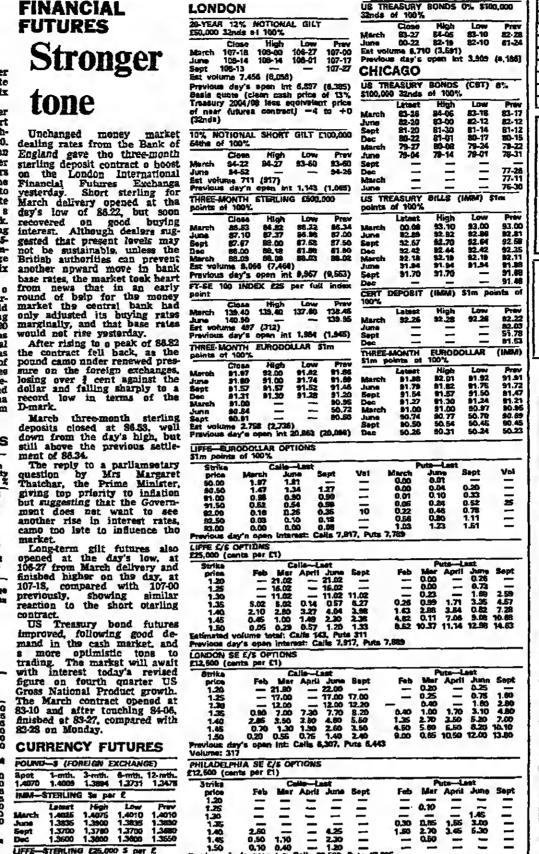
FT LONDON INTERBANK FIXING

(11.00 a,m		3ix months U.S. dollars			
Three months	U.S. dollars	bid 8 1/78	offer 8 6/19		
. bld 8 1/16	offer 83/19	for all parts but			
The fixing rates means, rounded to sixteenth, of the bifor \$10m quoted	the nearest che-	five reference bent working day. The Westrainster Sank Deutsche Benk, Be Paris and Morgan	banks are Nation Bank of Tokyo Logun Nationals of		

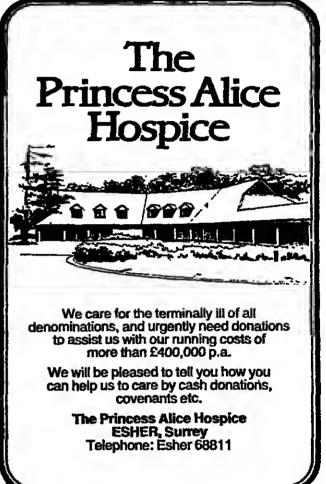
LONDON MONEY RATES

Jan. 01	Over . night	7 days notice	Month	Months	9ix Months	Year
Interbank	2.19	~	1278-1314	134-156 13 134	127-131-	1315-184
Local Authority Depos Local Author'y Bonds	11.111	1179-104	13	134	134	153g
Discount Mixt Depos.	4111	1119	101 ₂	101 ₄	=	_
Company Depos	9-1374	124-127	134	1332	134	184
Treasury Blils (Bsy) Benk Bills (Buy)	=	=	10	13	125-123	=
Fine Trade Bills(Buy)	_	_	135e	185	154	
SDR Linked Depos	=	=	8.00-8.10 715 812	8.05 8,10 1 24-61	8,00 B.10	8.108.20 8 8.88
EOU Depos	_		016 916	916 918	24.94	916 916

Treasury Sills (sell): one-month 12°, per cent; three-months 12°, per cent. Sank SiRs (sell): ene-month 12°, 12°, per cent; three-months 12°, 12°, per cent. Sank SiRs (sell): ene-month 12°, 12°, per cent; three-months 12°, 12°, per cent. Treesury Bills: Average tender rets et discount 12.1837 per cent. ECGO Fixed Fisance Schema IV reference deta December 4 to January 7 (inclusive): 11.838 per cent. Local sutherity ead Finance Houses saven days' fixed. Finance Houses Base Rate 12 per cent from January 1 1565. Bask Deposit Rates for sums at saven days' notice 9°, per cent. Certificates of Tex Deposits (Series 6). Deposits £100,000 and over held under ene month 10 per cent; one-three menths 12°, per cent; three-cla resolute 12°, per cent six-sine months 12°, per cent notes 13°, per cent notes 13°, per cent. Deposits withdown for Cash 7°, per cent.









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32 BRITISH FUNDS AMERICANS—Cont.	·	Financial Times Wednesday January 22 1986 ENGINEERING Continued INDUSTRIALS Continued INDUSTRIALS Industrial Part Industrial Par
1985/86 Stack Price + or Tried 1985/86 Price + or Div Tried Tried 1985/86 Price + or Div Tried Tried Tried 1985/86 Price 1986/86 Price	LONDON SHARE SERVICE BUILDING, TIMBER, ROADS—CONT. DRAPERY & STORES—CONT.	1985/86 1985
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"New-time" dealings may take
place from 2.30 am two business days
earlier.

sures for dearer money sent leading stocks lower throughout the morning trade yesterday. Shortly after midday, the FT Ordinary Shere Index was down Ordinary Shere Index was down 9.4 more with investors paying little heed to so early Bank of England signal that it was not ready to accept a fresh increase in bank base rates. Sterling moved down again, despite official intervention, in nervous foreign exchange markets, although North Sea oil prices were attempting to rally from Monday's low levels.

An interest rate-sensitive

monday's low levels.

An interest rate-sensitive equity market appeared in be vulnerable. Business was thin and the trend was not responding to a better tone which had developed in the Gill-edged market. However, a later further recovery in crude oil prices prompted sporadic bear-closing. Soon against the state of t

Shorter maturities recouped early losses of \$\frac{1}{2}\$ to end that much higher on balance, while index-linked stocks performed similarly. More settled money market rates, three-months interbank rose to \$13\frac{1}{2}\$ per cent before settling unaltered at \$13\frac{1}{2}\$ per cent before cent, were a help, but the course of sterling continued to cause anxious moments.

market.

IC! were dominated by sterliog/US doller influences and edged up 6 to 752p. Amersham intermediately and rose 5 to 320p.

Sears wanted

Leading Retailers highlighted Sears which oftracted a lively speculative business ond advanced 5 to \$12p\$; Dee Corpora-

EQUITY GROUPS

& SUB-SECTIONS

Equities rebound from low early levels to close higher

The state of the s

Royals sustained a foli of 10 at 785p, after 780p. General Accident finished the same amount down at 715p. Among Life issues, falls of between 10 and 14 were seen in Sun Life, 788p, Legal and General, 697p, and Prudential, 788p.

The Really Useful Group staged a bighly satisfactory

However, a later further recovery in crude oil prices prompted sporadic bear-closing. Soon afterwards it was reported that US investors were seeking selected blue chip stocks, including Beecham, Glaxo and Reuters.

From that mement on a change of direction ensued which continued after the official 3.30 pm close to leave the FT Index and the promotion of the recent dull trend on Well Street in the early business failed to check the later improvement here.

dued trading as investors due to due trading as investors due to due trading as investors due to due trading as investors due to dued trading as investors dued to due trading as investors due trading as investors due trading as investors due trading as investors dued trading as investors due to due trading as investors due to due trading as ammined the possibility of the counter-hid from Guinness incurring a Monspoliez Commission reference. Guinness fell 3 more to 237p; the shares-and-cash offer for Distillers is now worth just under 600p per share. Original bidder Argril dipped 5 more to 350p. Matthew Clark advonced interim profits and dividend.

Against the trading as investors ring a Monspoliez Commission reference. Guinness fell 3 more to 237p; the shares-and-cash offer for Distillers is now worth just under 600p per share. Original bidder A

in the early business feiled to check the later improvement here.

Git-edged securities opened nervously with traders expecting an extension of Monday's sharp setback. Investors appeared convinced initially that only 8 marked rise in hase rales could clear the scene but a sudden influx of buying altered these opinions. The demand, which was thought to represent mainly the closing of professional short positions, found the market oversold. Longer-dated stocks soon regained early fells of j and thereafter improved steedily to close with goins ranging to 2.

Shorter maturities recouped

of sterling continued to course of sterling continued to course anxious moments.

Clearers down again

Quietly dull conditions prevailed among the major clearing banks. Scrappy selling in an unwilling market left Lloyds 10 down at 468p. Barclays and Midland both closed 8 cheeper at 450p and 432p respectively. Natwest ended 5 off at 697p, after 693.

Sellers again, held sway in Insurances. Composites closed above the day's lowest levels.

Sears which stracted 8 lively speculative business ond advanced 5 to 112p; Dee Corporation. Bats and Gerald Ronson were all mentioned as possible suitors. Other Stores, dull locally trading reflecting continuing worries over descret money of England's interveotion and closed a few pence firmer on balance. Burton rallied 5 to 50p, while receoully beleaguered Harris Queensway, down to 202p at one stoge, settled 2 couple of the Engloseripg lesders, Wadking above the day's lowest levels.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times

the Institute of Actuaries and the Faculty of Actuaries

Tues Jan 21 1986

FINANCIAL TIMES STOCK INDICES Ogvernment Secs 80.56 80.32 81.38 81.32 80.98 80.61 80.90

PiE Ratie (net) (")___. 11.34 11.61 11.41 11.32 11.36 11.21 11.38 Total bargains (Est. \$3,667 23,112 24,128 23,278 24,165 26,443 35,292 Equity turnover £m. — 476.7 672.2 366.13 691.79 580.14 597.99 Equity bargains — 22,926 21,180 22,344 12,948 21,562 34,240 Shares traded (mi)... — 212,5 257,8 234,0 195,4 245,5 297,3

Fixed Interest........ 86.71 86.88 87.16 87.11 86.64 86.70 84.14

♥ 16 em 1098 2. 11 em 1098 8. Noon 1097.0. 1 pm 1098.2. 2 pm 1098.t. 3 pm 1102.1. 4 pm 1105.6 Roy's high 1108.7. Roy's Low 1088.7. Bases 100 Government Securities 16/16/26. Fixed Interess 1828. Ordinary 1/7/38. Gold Mines 12/9/65. SE Activity 1974. Lates; Index 01-248 8028. * Ni€ 10.82.

	HIGHS .	SE ACTIVITY					
:	198	5,86	Since Co	mgilat'n	INDICES	lan. 20	Jan. 17
	Nigh	Low	High	Low	Oally Gilt Edged		
Gavt. Secs.	84,57 10,85	75.52 (25:1:85)	127.4	48.18	Sargains		
Elved Int	90.96	82.17		50.66 (5: h/5)	Value		
Brdinary				28-4/4 h	Git Edged Bargains	154,0	131,4
Gold Mines	686.2 15:4:6)	217,5 (5/11:65)	734.7 #15/2881	43.5	Bargaine .		269.3 955.2

Plessey nitracted buyers in

Plessey attracted buyers in the wake of the decision to refer GEC's unwelcome bid to the Monopolies Commission and the shores closed 6 higher at 172p; GEC were unaitered at the overnight level of 166p. Other Electrical majors drifted lower for want of support. Recal lost A at want of support. Recal lost 4 at 176p, after 174p, There EMI a few pence to 389p and British Telecon 2 to 181p. Secondary issues were featured by LPA Industries which jumped 12 to 100p in response to the impressive annual results and proposed. annual results and proposed 20 per cent scrip issue. Highland Electronics revived with a speculative rise of 7 at 879 and Atlantic Computers firmed 5 to 245p, after 250p following the chairman's builtish remarks concerning treding prospects.

Fd 17

ardened 4 for the preliminary figure are expected tomorrow.

Tobaccos returned to favour. Imps, down to 248p initially, attracted support following talk of an increased offer from current protagonists. Hanson Districts and finished a net 8 to the good at 257p; the offer reaches its first closing date on Friday.

The special tive demand left up at Cronite 8 higher at 67p, after 71p. Hampson Industries, reflecting the increased interim divides and profits, gained 1; to desid and profits, gained 1; to defift lower and closed a couple of pence cheaper at 91p.

Desirer money worries continued to unsettle Food Revisional to the growth of the good at 257p; the offer Elessing the increased interim divides and profits, gained 1; to defift lower and closed a couple of pence cheaper at 91p.

Desirer money worries continued to unsettle Food Revisional time and the preliminary figure are expected tomorrow.

Tobaccos returned to favour. Imps, down to 248p initially, attracted support following talk of an increased offer from current protagonists. Hanson Districts and finished a net 8 to the good at 257p; the offer Elessing the increased offer from current protagonists. Hanson Districts and finished a net 8 to the good at 257p; the offer Elessing the increased offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer Elessing the increased offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer Elessing the increased offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer Elessing the increased offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer from current protagonists Hanson Districts and finished a net 8 to the good at 257p; the offer from current protagoni ings depressed Freemans and Thomas Robinson closed 14 to Grattan which fell 6 aplece to the good at 178p on reports of the common level of 314p. Lee Cooper, still buoyed by talk of an imminent deal, closed 7 up at Cronite 8 higher at 67p, after

Desirer money worries continued to unsettle Food Retailers.

J. Sainsbury were partinlarly vulnerable and dipped 12 to 344p. while Tesco shed 5 to 270p. Dee Corporation fell to 220p amid rumsurs that the company may is unch a bid for Sears, but late support left the close unchanged at 230p. Elsewhere, Ireland's FII gained 6 to 143p in reply to the good annual results and ocquisition news.

Further consideration of the company's expension moves prompted fresh support for Midsummer Inus which rose 15 to 300p. Ryan Hotels added a penny to 34-p following newsletter com-ment, but profit-taking clipped 6 from Kennedy Brookes at 230p.

Metal Box lower

Among the miscellaneous and Exploration Commany of Overseas Tradice; it) some industrial leaders, Metal Box encountered further profit-taking and gave up 14 more to 569p, while Trafalgar House, 9 member of the rejected Channel tunnel Euroroute consortium, remained depressed and fell 8 further to 312p, after 310p. Beecham, in contrast, helped by US support and a revival of speculative huying, put on 10 to 330p, while Glaze, partly reflecting currency io6ueoces, immore and related sectors of mining of the speculative huying partly reflecting currency io6ueoces, immore and related sectors of mining of the miscellaneous for indication for the recent indication. The speculative huying put on 10 to 330p, while Glaze, partly reflecting currency io6ueoces, immore and related sectors of mining of the recent indication. The special results of the recent indication for the recent indication in the recent indication for the recent indication. The recent indication for the recent indication for the recent indication. The recent indication for the recent indication for the recent indication. The recent indication for the recent indication for the recent indication. The recent indication for the recent indication for the recent indication for the recent indication. The recent indication for the recent indication lng currency io6ueoces, improved to £15!. Elsewhere, Bowater dropped 11 to 270p fellowing news of the proposed higher at the outset as the sequisition of Startex Corpora. Simple the firmer trend in bullion produced. sequisition of Startex Corporation of the US. Worries about the futre of Golderest prompted dullness in Pearson, down 9 at 411p, after 408p. Evode gave up 6 to 111p after comment on the interim figures, while profitaking after the preliminary taking from US. Operators took prices off their best levels towards the close. The Gold results left Appledore 15 down at 290p. Benters responded to US buying with 8 gain of 10 st 385p. Occasional support lifted Avon Rubber 8 to 283p, while Longton Industries rose 15 to 150p on land development bopes.

First Leisure Corporation

firmer trend in bullion produced strong Johannesburg and Continued for much of the session before a flurry of profit taking from US. Operators took prices off their best levels towards the close. The Gold results and the close of their best levels towards the close. The Gold Scame from the leaders where gains in excess of a point were common to Randfontein, fifth almost doubled profits, in

impressive annual results and proposed 25 per cent scrip-issue before closing a couple of pence dearer on balance at 430p. Media Technology, however, a firm market of late, succumbed to profit-taking and fell 12 to 200p.

Unlisted Securities Market counter KLP provided an isolated firm feature in Paper/printings, rising 25 to 310p, after 315p, on buying ahead of tomorrow's preliminary results. Secondary issues provided the noteworthy movements in the Property sector. Frogmore Estates attracted speculative huying interest and gained 5 to 130p, after 185p, but Regallan encountered profit-taking and shed 15 to 325p.

Textiles, selectively supported of late, closed with modest losses for choice. Scottish English and European dipped 6 English and European dipped 6 to 148p in reaction to the interim profits serback, while profit-taking left recent speculative favourities 5. Jerome, 7 off at 65p, and Parkland, "A" 3 cheaper at 112p. A rare firm spot was provided by John Beales which hardened 4 for a two-doy improvement of 12 to 110p; the preliminary figures are expected tomorrow.

Leading oils remained highly sensitive to movements in international crude oil prices, which, after opening lower rallied forengly before turning off again in response to developments in US markets. Top quality oils mirrored this performance: trading around 5430 formance; trading around 543p during initial dealings. BP jumped to 558p during the early afternoon prior to settling a net.

10 to the good at 553p. Shell were finally unchanged on balance at 660p after extremes of 653p and 666p. Enterprise
Oil proved a resilient market
and retained a gain of 5 of 136p.
after touchlog a year's low of
130o. following encouraging
drilling report from the North. Sea. Second-line stocks, espe-cially those with US exploration cially those with US exploration interests, came under renewed selling nressure and were featured by Firstland Oll and Gas, which dropped 10 to 40p, and Exploration Commany of Louisiana, 5 down at 40p. Jockston Exploration fell away to 25p before rallying strongly on examination bones to end a net a

and related

First Leisure Corporation The almost doubled profits, in

and a decime in sterling against the Australian dollar prompted a general upturn lo "down-under" stocks. Among the leaders Peke-Wallsend advanced 14 to 230p, MIM and CRA 6 apiece to 156p and 282p respect-

Traded Options

Increased demand for Traded Options resulted in 18,580 con-tracts transacted, comprising 11,986 calls and 6,594 puts. British Petroleum were to the British Petroleum were to the fore with 1,470 calls done, over half of which were struck in the January 530'3. Operators also displayed revived interest in Imperial Group and Beecham which attracted 1,402 end 966 calls respectively. For the second successive session, put business centred on British Telecom with 1,297 trades done. Elsewhere, the FT-SE 100 con-Elsewhere, the FT-SE 100 con-tributed 786 calls and 1,503 puts

Rustenburg which held at 650p.

TRADITIONAL OPTIONS First Last Last For Deal- Declara- Settle- ings ings tion ment Jan 6 Jan 17 Apr 10 Apr 21 Jan 20 Jan 31 Apr 24 May 6 Feb 3 Feb 14 May 8 May 19 For rate indications see end of Last Teast Seates.

For rate indications see end of
Unit Trust Service
Stocks favoured for the call
included Premier Oil, Lourho,
Abaca Investments, Newman
Industries, McCorquodale, Sonthwest Resources, Nurinik Capital,
Entertainment Production Services, Fsward Technology,
Vosper, Good Relations, Clive
Discount and Sears, Puts were
done in Hawley and Sunicigh
Elestronics.

NEW HIGHS AND LOWS FOR 1985/86

MEW NIGHS (37)
FORRIGH BONDS (11) Iceland Slape 19631988. AMERICAMS 111 Union Carbide.
RANKS [2] Eanco de Santander, Joseph
Renald Bonds (2) Cita Individent
Renald State 111 Also, East Individent
Illesould: SREWERS (2) Clark Individent
Illesould: SREWERS (2) Clark Individent
Initia Distillers. BURLDINGS (1) French
Kier. Chernical State Individent
Initia Limmes. BURLDINGS (1) French
General State Individent
Initia Limmes. Red Internal State
Individent
India Limmes. Red Internal State
Illames). Robinson' ITHOMBAN. Wadkla,
FOOOS (2) Fill, Needlers. NOTELS II
Midsummer In E. INDUSTRIALS (5)
Abbey, Astbury and Madeley. Crean [1)
Hay (Norman). Longton Inda. INSURANCE
(2) Fall Insurance. Howard Groue.
FAPER (2) Cladley Print, Smurfat LieferIoni. TRUISTS (5) European Assets. Murray
Sanalise Markers 2, Rollido MiV. Do. Seb.
Tor Invest Cap. Del. III Sell Resource.
MINES III Sond Corboration.
NEW LOWS (2)
I Santon Stationard Index 20170106. Do
Illy C. 1971186. Do 11196 IS 120 STORES (2) French Connection. Home
Charm. Electricials In) DIJT. Electronic
Date, Feedback. Sarksota Tech. ENGINEERHIGH III Somon East. FOODS (11) ASDA
MFI, NOTELS (11) Prince of Wales.
NEW LOWS (2)
III Somon East. FOODS (11) ASDA
MFI, NOTELS (11) Prince of Wales.
NEWSPAPERS (11) Vietty Inthi, Paper (2)
Davidson Peatro. Gears Gross. PROPERTY
(2) Lossion Provincial Snoo, Mayriar City
Prots. GILL Privaled (3), Nuclice Procession.
Inp Cost Set DecChi Vias Lin 1995-2000.
Promier Cons. Souerview Oil, TR Energy.
OVERSEAS TRABES; [1) Boustaged.

RISES AND FALLS

Stock C Bistillers Channel Tunnel Reuters 8 Argyll Gloup Traialger Hos. Plassey RTZ BAT Inde Cable end Wire

Rand terms, and the sharply increased dividend failed to inspire platinum producer

Rustenburg which held at 650p. A cut in domestic interest rates, the firmer trend in bullion and a decline in sterling against	Pare day	Stock Stock	Prior + a	Mat. Div.	Yield Yield
the Australian dollar prompted s general upturn lo "down-under" stocks. Among the leaders Peke-Wallsend advanced 14 to 280p. MIM and CRA 6 aplece to 156p and 282p respectively. Traded Options Increased demand for Traded Options resulted in 18,580 con-	180 F.P. 151 250 133 F.P. 21 128 587 5.07 73 310 765 F.P. 231 70 485 F.P. 231 130 1485 F.P. 241 130 F.P. 241 130 F.P. 241 130 F.P. 241 130 F.P. 241 150 150 F.P. 251 150 F.P. 250	Abbott Mead Vickers Ashley i Leura's 6p. 105 Gable & Wirnless 50p 64 - SchancerySocurities 8 - Schart Foulks Lynol 120 Chetwynd Streets 5p 125 - Scramwick Mill 10p 14 Ferguson Jömes 14 Ferguson Jömes 152- Scramyts Surface 18p 151 Bus. Comma 10p 151 Bus. Comma	177 - 5 1865 - 7 1866 - 1 188 - 1 123 - 5 160 - 1 162 - 1	52.11 3.5 bg5.32 2.2 bg0.7. 9.6 07. 9.6 52.1 2.6 H2.31	1.88.21 1.88.2
tracts transacted, comprising 11,986 calls and 6,594 puts. British Petroleam were to the fore with 1,479 calls done, over half of which were struck in the January 530's, Operators also displayed revived interest in Imperial Group and Beecham	116 F.P. 7:2 126 113 F.P. 511 127 177 F.P. 10:1 87 180 F.P. 221 104 100 F.P. 9:1 119 100 F.P. 9:1 119 101 F.P. 142 107 137 F.P. 6:1 74 4 7 F.P. 6:0 60	110 Lexicon Inc. 50.01. Merivale Moore 5p. 78 Amorks & Crane 10; 98 Amorks & Crane 10; 98 Really Useful 07p. 5; 106 SAC Intnl. 10p	112 - 1 182 2 57 92 - 3 340 118 91 - 2 73 300 + 4	b2.5 4.0 b2.7 2.7 b2.7 2.7 b1.05 2.4 b1.5 2.8 b1.5 2.8 b2.0 1.9	201:7 501:8 4.412.1 4.512.1 1.638.5 0.913.5

FIXED INTEREST STOCKS

resue #5	198 Nigh	5:6 Low I	Stock	Office A
199.746 £25 £12° F.P. 100 £10 F.P. 199.315 £40	17/1 161 51/1 981s	100 Brit. Asset 96 Ests. & A 24 First Soci 37 platt, inv. 10 Mid Suss 984 Nationwi 36 Rosebaux	n.Prope. 18:15 letMori ste 65 Um. Ln. 192: gency 11. ¿ lef Mori L Am. 11:25 Beb. 9 Tex. Jersey 135 Cun ex Wtr.21:2 Rec. 194. ¿ de Blog. Boc. 124. ¿ greycoat 11; let inco 11; § Oct. Deb	101 . Ob. 2020 9612 016 24 n. Red. Pf 93p + ref. 1996 1012 12 187 9814 14 1 187 9814

RIGHTS OFFERS

lasue .	du bi	Latest Renunc.	198	5:5	. Stock	20	: + or
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and Yield based on prospectus or other official estimates for 1986. I indicated amings. u forecast atherwise indicated. I isseed by tender. | Offered halders of ordinary shares es e "rights." ** Issued by way of casitalisation. § Placing price. \$5 Reintroduced. It issued in connection with reorganisation merger of takeover. M Allotment Grice. #: Beek in under Rule 535 (3). W Dealt in sinder Rule 535 (41 (s). * Units comprising 12 6m(sronce shares and one warrant, at C12 per unit. It Units comprising two ordinary, one preference and one warrant.

MONDAY'S	YESTERDAY'S
ACTIVE STOCKS	ACTIVE STOCKS

-	List			LODAG SECURITA SCRIBILA	A	OZACZ ID
				"the following stocks "y	ወደርት ርዋጥን	
	Ne of	Mon.,	Day &	31. d. 1 1. 6.75	Closing	Day's
çi	hanges	close	change	Stock	Buce	Changa
	31	562	- 5.	Bowster Inds	270	-11
	24	153	+ 20	2P	553	+10
	17	375	+ 2	2urmah 011	304	- 4
	16	355	-15	Enterpuse Oil	136	+ 5
	15	320	-19	Imperial Group	257	+ 8
	13	166	- z	Land Securities	280	+ 1
	12	555	S	MEPC	276	~ 2
	£1	333	2	Melat Box	569)4
	31 .	580	_	Seats	. 112	+ 5
	11	106	- 2	Shell Transport	660	_
	11	. 772	13	'Vickors	318	· + 10

Series		ILVI AF	01			
GOLD C \$3500: 6 65 B 22 48 B — \$3567.50 GOLD C \$3520: 6 65 B 22 48 B — \$3567.50 GOLD C \$660 892 8.00 87 10 117 87 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		ries : v	ol. Last	Vol. Las	Vol. Las	t Stock
E.FR C Fr.690 - 100 5.80 - 177,390,82 E.FR C Fr.410 5 0.70 - 2 1.60 7.80 E.FR P Fr.850 20 7.60 2 16,70 - 2 E.FR P Fr.850 20 7.60 2 16,70 - 2 E.FR P Fr.406 33 16 e 22,50 - 2 E.FR P Fr.416 3 16 e 22,50 - 3 E.FR C Fl.270 16 8.26 - 3 E.FR P Fr.416 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	GOLD P	\$320- 2340, \$650 8 \$380; 8 \$400 \$500 6320-	64 120,00 192 2,20 162 4,50 5 1,80	22 48 81 30 87 10 92 10.5 50 0.60 40 5.5 45 6 14.8	B. 106 69 117 57 30 \$6 .17.50 106 10.20	3 367.50
EFR C F.410 5 0.70			Mar.		Sept.	
ABN C FL62C. B19 20 31 25	CPPPPCCCCPPP SERVER SERVED	Fr.410 Fr.585 Fr.690 Fr.400 Fr.416 Fr.266 Fr.270 Fr.270 Fr.270 Fr.270 Fr.270	5 : 0.70 25 : 60 20 : 7.60 23 : 16 25 : 18 25 : 18 26 : 1.80 2 : 0.30 78 : 28 26 : 28 27 28 : 28 28 :	1 16.70 e 32.50 10 36 14 1.40 e 6.60	2 1.50	F1,275,20
ABON P 1.560, 163 10 A 23 10			Apr.	. July	Oct	
KLM C FILEO 928 e 234 8.30 20 9.80 FI. 60.70 KLM P FILEO 501 5.80 18 3.50 157 17.50 FILEO 601 5.80 16 3.50 157 17.50 FILEO 601 6.80 16 14.50 50 24 FILEO 601 FILEO	ABON P AEGN P AEGN P AH CP AH CP AH CP AH CP AMEV P AMEV P AMEV P AMEN C GIST C GIST C HEIN P HEIN P	F1.560; 11 F1.105; 11 F1.20; 14 F1.20; 14 F1.150; 70 F1.150; 70 F1.100; 50 F1.20; 40 F1.20; 40 F1.20; 50 F1.20; 50 F1.20; 50 F1.20; 50 F1.20; 50 F1.20; 50	19 20 10 10 8 10 10 8 11 12 10 10 10 10 10 10	31 25 25 12 37 8.86 100 7.50 468 12.10 168 4.80 70 3.90 6 5.80 158 8 8 28 30 20.50 2 11.50 164 6.80	500 10.50 506 8.50 159 16 2 2.60 12 6.50 12 6.50 13 9.50 326 9.50 326 9.50 326 9.50	F1.116.29 F1.64 F1.167.68 F1.76 F1.116 F1.860.59 F1.829
PETR P F1.5500 90 500 F1.5500 90 500 F1.5500 90 500 F1.5500 90 500 F1.5500 90 5.50 F1.5500 90 60 10.500 F1.5500 90 90 90 90 90 90 90 90 90 90 90 90 9	KLM C KLM P NEOL C NEOL P HATN C NATN P PETR C	F1,80° 16 F1,80° 92 F1,80° 60 F1,810° 16 F1,70° 30 F1,85° 1	55 8 82 e 01 5.90 65 11.50 56 11.50 90 6.70	254 i 6.30 18 : 3.50 16 : 14A 16 : 20,50	20 9.80 157 17.50 50 24	FI.806
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EUROPEAN OPTIONS EXCHANGE

			CALLE			DN Puis	TRA	DED O	РТН	DNS	;				
Option		Ján.	Apr.	July	Jan.	Apr.	July	Optio	n	Mar.	June	Sept.	Mar.	June	Sesi
6.P.	550 550 600	.6 .6 .012	70 32 10	80 43 18	1 3 47	37 68	14 42 70	BTR (*361)	350 350 390	40 30 11	63 63 22	65 46 27	6 17 67	7 22 42	10 27 45
Cable &Wire (*558)	600 650	28 1 04	47 16 7	67 28 13	2 37 87	17 40 87	23 47 80	Beecham : 6281	300 330	63 46 27	65 63 86	00 45	3 6 17	6 13 26	18
Cons. Gold (*472)	500 950	. 1	26 12	72 42 22	25 73.	30 80	55 62	Bass (*683)	600 -650 700	63 26 10	85 45 23	100 70 65	37 33 70	. 12 .36 76	27 45 80
Courtaulds (*126;	150 150 180 200	54 34 16	58 38 26 11	62 42 26 14	9004	21	2 5 8 14	De Beers - (*86,17)	500 650 600 650	125 80 60	140 100 66	15e 120 88	20 45	18 57 60	36 45 65
Com. Union (*257)	220 240 240 360	38 18 11 ₂ 04	94 97 14 8	36 21 14	014 014 5 23	7 13 32	10 18 34	GKN (*275)	240 260 280	23 46 20 14	60 40 19	38 47 31	3 e 18	6 10 18	8 13 21
Distillers (*650)	460 500 550 600	101 e1 11	116 78 57 17	120 62 47 22	04 1 4			Olaxo (~1560)	1350 1400 1450 1500 1550	846 800 155 120	268 220 185 145 125	180 150	4 8 15 30 65	15 25 67 86 65	65
C.E.C. (*184)	140 160 180 200	26 6 1 01 ₂	36 20 8 3	28 16	1 18 36	3 7 20 62	9 92	Nansort (* 103)	1800 200 220	91 · 8	28 16 8	56 38	23 4 16 28	210 16 30	
Grand Met. (*376)	330 360 390	45 17 1	52 37 18	63 47 30	17	13 27	17 .	Optien		Feb.	May	Aug.	Feb.	May	Aug.
I.C.1. (*762)	650 700 760	1 107 57 8	114 65 65	13 120 78 48	47 04 0%	62 5 15 33	10 82 40	P. & O. (*430)	366 590 426 460	90 00 25	62 40 18	62	1 2 7 33	 3 17 38	23
Land Sec. (*280)	260 280 300	21 3	19	27	62 11 ₂ 5	77	12 25	Racal (*176)	140 100 180 200	58 22 7	44 26 16	50 36 22	. 2 e 14 9B	6 8 16	7 12 22
Marks & Sp. *169	180	40	47 37	<u>e</u>	- 014 014	11 ₂	58	R.T.Z. (*549)	500 650 600	60 20 6	72 40 19	84 60	22 87	14 30 67	18 40
Shell Trans	150 126	10	12 2 80	26 11	13	17 17	19 10	Vani Reefs ("\$78:	70 80 80	161 ₂ 41 ₄ 2	814	17	314 8 1614	18 18	11
ref ger Heel	556 700	18	42 18 34	55 26	67	23 62	32 e6	Ex 102 1989 ("£26)	94 96 98	0.5	Ē	=	014 164 356	=	Ξ
Traf ger Hae (*312)	356 360	. Q1g	18 10	25 11	21 80	3e 60	29 63	Tr. 113% 195) (*£100)	100 102 104	Ξ	1.5 0.4 0.5	1 % 5 x 0 x	=	014 814 414	1/k Big
Option		Feb.	May	Aug.	Feb.	May	Aug.	Tr. 114% 05/07 ("£1051	106 105 110	0 0 0 0	8,1 0,5	5,,	2 .	112	176 214 414
BA7 Inde (*338)	280 300 380	68 43 16	72 55 38	80 62 37	2 8	31 ₂ 6 17	9 13 22	Japung	118	112	83	0.4	814	614 614	614 814
Barcleys *449:	490 460 500	42 14 e	52 27 12	65 40 8e	22 35	13 32 62	18 37 67	1=352) (=352)	250 250 300 330 360	89 79 69 36	102 88 68 43	- 74 83	012 012 117 4 7	113 6 11	- 9 17
(*4501	420 460 500	0 1	67 43 21 9	52 30 13	7 38 76	18 40 75	23 45 77	Thom EMI (*387)	360 380 420	33 20 7	50 37 18	58 58 30	6 20 42	13 30 50	28 38 62
Brt Telecom	160 180 200 220	2 01 ₉	17 7 2	22 13 7	61 ₂ 20 40	7 20 40	11 21 41	Tesco (*268)	260 280 600	40 88 11 4	50 32 18 10	40 25 16	2 5 15 5e	8 23 40	10 27 48
imperial Gr.	260 260 860	41 22 14 5	28 18 10	47 33 24 14	13 13 30	5 7 13 3t .	e 9 17 32	Option FT-SE: 13	Jan 00 88	1	Mar.	or la	p. Feb		Apr.
LASMO (*183,	180 200 220 240	13 7 5 2	20 13 8 6	27 60 18	8 25 42 63	15 50 43 66	20 30 47 ee	14	30 67 76 18 00 6 25 81	53 22	62 45 32 83	76 5	17	33	25
Lonrho *818)	180 200 220 240	41 22 10 41 ₉	43 22 20 11	45 36 22 14	11s 81s 81s 26	3 8 17 27	312 11 82 33	January Puts	60 1 76 1	4 cont	morte '	48 30 32 50 22 75 - 10 18,580 2 4600	0.11	83	90

F	igures in parenthe stocks pe			of hed		Day's Change %	Ear. Earning Vield X (Max.)	Y	POSS Dis. chi % CT at D'AL)	Est. P/E Ratio (Net)	uri adi. 1986 to date	Index No.	lader No.	Index No.	index No.
1	CAPITAL GOOT	5 (214)				-0.7	10.07		4.64	12.46	0.00	573.11	576.46	573.16	577.15
2	Building Materia					-12	19.64		C)	11.75	8.60				515.67
3	Contracting, Con	struction	(28)	916		-1.2	18.62		1.57	13.04	0.69				
4	Electricals (13). Electronics (39)			1579	371	-0.2	9.27		4.81	14.06	8.60				
5	Electronics C397			1421		-0.3	10.50		3.20	12.48	0.00			1421.97	
6	Mechanical Engl	ncering (. (7)	317 252		-0.9	10.99		1.64	11.06	0.13		322.04		276.16
8	Metab and Meta Motors (18)	a rununa	9 (//	712		+4.3	11.27		131	14.00	0.00			254.95	1814
10	Other Industrial	Materials	(22)			10	7.68		1.60	15.53	0.00 8.07				162 %
21	CONSUMER CH	dup Of	(E)	744			8.94		1.73	14.02	0.57			752.32	652.30
22	Brewers and Dis	tillers (23	3)	769		-0.3	7.81		101	12.93	0.05			778.20	593.54
25	Food Manufactus	ring (22)		555	10	-0.5	10.03	1	L55	11.95	0.96			559.97	506.9
26	Food Retailing C	14)		7629	1.03	1.5	7.19	1 2	2.77	18.78	2.92	1454.07		1780.31	1502.83
27	Health and House	chold Pro	iducts (9)	11%	78	+1.5	634		2.74	18.37	6.02			1183.69	1404.57
29	Leisure (25)					-0.9	7.56		1.63	24.88	0.50			749.40	717.87
32	Publishing & Pri	nung LL3	·			-0.6 -1.6	2.62		137	14,38	236		1864.45		
33 34	Packaging and P Stores (43)	She (T)	/	344		+0.1	9.41 7.47		L37 L93	12.40	0.00			368.01	317.A7
35	Textiles (16)			380		-03	11.67		32	9,72	0.00			727.18 379.42	571.43 324.99
36	Tobaccos (3)					+2.0	14.30		1.93	7.93	0.00		933.31	938.48	959.34
41	OTHER GROUP	S (84)	#.I~#I~	GN		-0.6	9.84	4	1.16	13.33	0.02		707.06	705.72	683.71
42	Office Equipment			738	34	+0.4	13.57		24	9.74	0.08	736.05	735.97	736.51	805.04
44	Office Equipment	t (4)		204	36	-0.9	7.70		L25	15.49	0.00	206.82	212.26	212.68	175.23
45	Shipping and Tra	nsport ()	2)	1324	77	-10	7.73		137	16.06	0.00		1346.42		11117
47	Telephone Netwo	orks (2)		845		-11 -05	9.74			14.07	0.00	855.16		863.25	862.81
48	Miscellaneous (4						7,82	_	44	15.62	0.00	878.36		867.96	807.51
49	INDUSTRIAL E	KUUP (4	<u> </u>	074	#3	-03	3.44	_	.91	13.43	0.20				650,33
51	Oil & Gas (19)			1115	47	+0.9	18.51	_		6.41			7779'00		1126.16
59	500 SHARE INC	EX (500	<u> </u>	730	19	-0.2	10.53		38	11.8	0.19		738.85		690.36
61	FINANCIAL GR	ODS (77.	9)	- 511		-11			.73		0.03		523.33		449.73
62	Insurance (Life)	****		_ 529. 767.		-15	17.44		.92	876	0.00			237'27	452.36
65 66	Insurance (Contp	(7/		409		-1.2			145		0.00	779.19	790.94 419.42	788.56	405.78
67	Insurance (Benke	we) (B)		1129	20	-1.1	7.11		40	18.77		1203.04	1221.42	1197 97	327.26
68	Insurance (Broke Merchant Banks	(11)		281	as .	-0.6	<u> </u>	1 3	78		8.00	283.43	283.08	280.44	246.11
69	Property (51)			638	56 -	-0.4	6.19	3	.86	21.43	0.00	641.29	651.27	654.59	632.44
70	Other Figureial C	<u> 26)</u>		289.		-0.4	8.28	_	57	14.50	0.04	290,75	291.85	290.57	290.95
71	Investment Trust	£ (£03)		635.		-0.4			.38	-	0.27	638.62	640.99	639,77	607.73
81	Mining Finance (37		258.	34	-iri	12.95		.41	2.96	0.00	260.31	242.27	265.69	276.05
91	Overseus Traders	(14)	MIL. 17. SHARE		371	- <u>2.8</u>	13.89	_	45	8.51	0.00	698.48		606.99	
99	ALL-SHARE IN	PEX (75)	7		_	_		-	43		0.15	667.43	676.38	674.85	627.25
				Inde		Day's	Day's		y's	750	120	Jan	Jan	Jan	Year
_	FT-SE 100 SHAI	IN INDE		1 No	-	Change	High	1776	0W	20.	17	16	1390.5	14	290
_	LI-2F TIM SHV	KE HADE	X	13/4	-T1 -	-0.2	12/63	1136		12/62	וושנם	13713	1370.51	1370.1	1305.7
	FI	KED	INTE	REST	٢			A	YER/ EBEI	RE CRI	YFELDS		Tota Jan 21	Mon Jar 20	Year ago (agaras)
	PRICE	Tues	Day's	Mos	xd a	di	adi.			à Covere					
	INDICES	Jan		Jan .	toda		986		OUDO:	. 1	Acest 2"		18.17	19.26	18.97
		23	change %	20		_ to	date	31	UNITED IN	- -	Agn 2"		10.61	10.65	10.41
$\overline{}$	British Covernment		-		-	_	_		ledium	n 3	years		11.62	11.89	10.36 11.57
	5 years		4034	116.29	l _	- 1	0.94		oupon	s 15	years		11.10	11.15	11.23
	_	126.44		125.37			0.83	6		2	years		18.72	19.74	10.44
	5-15 years				[- 1			igh		years		12.01	12.97	11.72
3)	Over 15 years			132.25	-		0.41		oupon	5 15	years		1124	1132	11.39
4	laredcemables	345.98	-0.37	144.53	! —	1	6.00	.9			years		10.80	10.81	19.72
5	All stacks	125.66	+0.30	125.29	! —	[]	0.83			mables		Т	1833	19.29	19.18
	Index-Linked					7-	_			ليوراطيا				1	
1		106.79	18 28	106.54						rate 5%		yrs	5.05	5.23	6.8 6.8
	5 years				l –			13 10	Rat o	rate 107	Over 2	M2	3.90	4.06	11
- 1	Over 3 years	104.91		104,74	_		~~ I	14 10	flat o	rate 10%	Over	yrs	3.83	3.84	8.0
g	Ali stocks	1/5.25	+0.18	105.07	_		L23 🛏	15 0	_						12.09
-		700 75	0.00	700 10	-	-	_	16 L			5 years. 15 years.		12.23	12万	12.09
-7	Debestures & Louis .	108.25	-0.86	109.19	<u> </u>			17			25 years.		11.83	11.63	11.94
20	Preference	81.06	-	81.04				_	efer				12.00	12.08	12.81
														-	

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is mailable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.



WORLD STOCK MARKETS

CANADA

		_				
AUSTRIA	I GERMANY		! NORWAY			(a 5 d b 2 /
Jan. 21 Price + or	!		Price or	AUSTRALIA (contin	е. 🕂 ог	JAPAN (continued)
Scht —	Jan 21 Price - Dr.	+ or	Jan. 21 Krener Bergens Bank 170 -4	Jan. 91 Aust		Jan. 21 Yen —
Credit'nst'ft pg * 9.330 — 30 Goesser *	AEG	-6 -66	Sorregeard 459 -7 Christiania Bank 174 -5	Gen. Prop. Trust 9.3 Hardie (James) 5.3	5 - 0.15	MRI 353 -6 Mitsui Bahk 998 - 22 Mend 406 -8
Junghungianers 49 700	BASE 272.5	- 6.5 -7	DepNorate Cred 174 6	Hartoon Energy, 1.8 Herald WyTimes 5.8 ICI Aust. 2.5		Mitsul Estate 1,020 -10
Laenderbank * 2,150	<u>Баует нуро</u> 580 -	- 22 -17	Elkeol	IGI Aust		Mitsukoshi 605 +2
Steyr Caimler 178 Veitscher Mag *. 9,610 +10		-98 -7.5	Norsk Data 415 -15 Norsk Hydro 137,6 -4	Kidston Gold - 6.3 Lend Lease - 6.4	5 -0.04	Hikko Sec 685
BELGIUM/LUXEMBOURG	Brown Bover! 264 -	-6.5 14	StoreOrand 272 -6	Mayne Nickless. 3,3	5 . +0.03	1 Nighan Elect 1.270 — 50
'Price ' + or	i Cont'l. Gummi 203 -	- 10 -35	SPAIN	Myer Emporium. 3.5 Nat. Aust. Bank 4.7	7 -0.81	Nippon Express. 56T -15 Nippon Gakki, 1,540 -60 Nippon Kogaku - 1,020
Jan. 21 Frs. — B.B.L 2,350 +40	Daimler-Benz 1,378 - Degussa 489	9	· Price ' + or	News		Hippon Oil 803 -7
8ang, Gen. Lux 9,600 Bang, Int. A.Lux 9,850		-5 -14.5	Jan. 91 Pta %	HorandaPe(Prpd 0.7) North Skn Hill 2.8	2 +0,02	Nippon Shimpan 775 —10
Bekaert 8,600 +50 Ciment CBR 8,000 +150	Oresdner Bank_ 40S -	-14 -16.5	/ Sco Central 419 +2	Ozkbridge 19 Pacific Dunion _ 2.5	0.05	Niccon Sulgan 338 2
Ceckeriii 178 Cethalze B.750 + 30	Henkel	-4.5 -7.5	Bco Exterior 240 Bco Hispano 220 +10 Bco Popular 638 -19	Ploneer Cons 2.7		Nissan Motor 572 —S
EBES	II HARKAN WERKE 184 .	-7 -8	Boo Santander - 489 +5	Poseidon 5.0 Queensland Coal 1.4 Reckitt & Colman 6,8	9. -	Nemura 1,01010 Olympus 991 -4
Fabrique Nat 2,010 — 20 08 Inno 8M 4,500 — 70 GBL 18-rext — 2,385 — 35	Horton 926 -	-16 -3,8 -95	Oragados	Repco 1.5 Santos 6.2	~	Original Company Compa
GBL Brux 2,385 +35 Oenerale Bank 4,500 + 20 Gevaert	Karstadt 361	- 11 - 5.2	105.2 -4.5 Petroleos 198 -10	Smith /Howard) 4.8 Thos. Natwide 3.7	+0,05 0,01	Ploneer 1,810 -40
Intercom 5,006 + 5	KHD 372,5 -	-5,5	Telefonica 134 —1.5	Tooth	-0.65	Santryo
Pan Hidgs 9,950	' Linde 685 -	-6.8 -8 +2.5	SWEDEN	Western Mining. 5.7 Westpac Bank 4.6 Woodside Petrot 1.1	-0.02	Sanvo Elect 394 +5
Petrofina	144441 010	-12 -8	Jan. 21 Kronor —	Woolworths 3.4 Wormald Intl 5.6	5 1	Sapporo
Sofina 5.000 - 50	Metaligesell 390 -	-25 -20	AGA 180 -4	·	. + 0.25	Sharp 951 8 Shimizu Constn 551 +6
Solvay 8,180 -50 Stanwick intl 1,059 Tractionel 5,000 +50 UCB 5,490 +70	Hixdorf =-, 585 -	-250 -13 -40	Alfa:Lavai 6 255 —7 ASEA (Free) 515 —15 Astra (Free) 512 +7	HONG KONG		Shionogi
Wagons Lits 4,60000	Preussag 295 -	_2	Atias Copoc 176 · +4 Cardo (Free) 272	Jan. 21 · Pric H.K.		Sony
DENMARK	MOSCULLISH ******* 200 .	-4.8 +6 -5	Flectroup B 204 +7	Bank East Asia 25. Cheung Kong 20.	1 01	Stome Corn 258
Jan. 91 Price + or	Siemens	- 19 - 2.8	Erioseon 8 919 + \$ Essette	China Light 16.6 Svergo 0.6 Hang Seng Bank 48.6	~0,1	S'tomo Elect 677 ' +1 S'tomo Metal 159 . +1 Taise Corp 322 . +6
Knr %	Varta 380 -	-10 -8.5 +4	Pharmacia 172 +9 Suph Scenis Free 530 -10	Henderson Land 2.	32	Taisho Marine 507 +1
Andelsbanken 3674 Bertica Skand 5405 Cop Hendelsb'nk 296 +4	Verein West 420 _	- - 10.7	8kandia 350 2	NK Electric 8.	+0.05	TDK 4,150 -50
0. Sukkerfab 410 -25 Danske Sank 344 -1	ITALY		SKER Enskilda 77	HK Land	+0,05	Tetin 474 Tca Henryo 1,120 +10 Toka Saek 860 Tokio Marine 856
De Dankse Luft, 1,480	Jan. 21 Ura	- Ot	Store Kepparbrg 160 -4 Sven Handlerbn 247 -2	Hutchison Wpa_ 27.4	7	Tokyo Elect Pwr 2,590 . —40
Forenede Brygg. 930 Forenede Demp. 210 —6 ONT Nid ———— 565 ;		-110	Volvo 6 (Free: 554 +1	Jardine Math 13 New Werld Dev 6. Orient O'seas 1.9	+0.05	Tokyo Gra 8784 Tokyo Corp 589 · +14
Las.a. 675		- 1 - 55 - 340		SHK Props 19.1 Shell Elect 0.9	-0.1	Toppan Print 985 Toray 508 +1 Toshiba Elect 5695
Novo Inds 1,253 +5	Credito Italiano 3,545	+ 58	SWITZERLAND	Swire Pac A 50.5	+0.6	Toshiba Elect 5695 Toyo Selkan 1,740 Toyota Metor 1,250
Provinsbanken 414 —6 Smidth (F.L.) 6 290 —6	Generali Asslour. 85,500 - Italoementi 50,500 - La Rinascente 1,005 - Montadison 2,946	-200 -420	Jan. 91 Price + or	World Int. Hidgs. 2.5	+0.02	Victor 1.970130
Superios		-12 -21 -50	4 900 (104			Yamaiehi Sec 700 +6
FRANCE	Pirelli Co	- 69 - 124	Absulase	Jan. 21 : Pric	- + or	Yamazaki — 601 —25 Yasuda Fire — 502 —9
Jan, 21 Price + or	Snie BPD 5,899 -	-110	Ciba Gelgy 4,100 +70 do.(Part Certs) 5,080 +8	Alinomoto 1,176 Ali Hippon Air 766	+18	
Frs Emprunt 44% 1976 1,500 +9	Tere Assic 80,190' -	-10	CradH Sulese 3,685 —15 Elektrowatt 6,560 +10	Alps Electric 1,810	_ 2	Jan. 21 Price + or
Emprunt 41% 1976 1,500 + 9 Emprunt 7% 1976 7,840 + 82 Accor 305 -5			Elektrowatt 6,560 + 10 Fischer (Goo.) 1,300 Hoff-Roche Picts 136,088 -250 Hoff-Roche 1/10 15,600	Bank Tokyo 720 Bridgestone 520	-5	Bountand Hidgs., 1.03 +0.01
AIF LIQUIDE 625 11	Jan. 21 Price '-			Ganon 1,100 Casio Comp 1,770	+1	OBS 4.74
Bongrain	ACF Holding 505 - AEGON 115.3 -	-5 -1.9	Hestle 8,700 -50	I Chugo Pratm ya:		Haw Par. Bros. 1.78 +0.02
RSH Gervals 9,800 +40 CIT Alcatel 1,368 -7 Carrefour 3,140 +5	Ak70 167.8	5.5	Pirelii 414 +3	Dai-lehi Kan. Bk. 1,500 Dai-lehi Kan. Bk. 1,500	-19	Hong Leong Fin 2.40
Club Mediter'n, 489.8, +0.4 Cle Bancaire 8769	ABN 595 - AMEV 91.7 - 116	-0.7	Sandoz (Pt Cts) 1,815 —15	Dai Hippon Ink 606 Dai Hippon Ptg _ 1,200 Daiwa Housa 884	. ~10	Malay Banking 4.32 +0.94
Goftmeg 556 —5,2	Bredero Gert 212 -	-5 -0.3	Surveillance A. 6,676 -16	Daiws Sec 745	: +6	OCBC 6.95 +0.06
Darty 2,165 -75 Oumez S.A 1,175 +60	Buehrmann - Tet, 139.5 - Calland Nigs 29.5 +	· O.6	Swiss Bank 505 +5	Fuji Bank	, ~10	Publis Bank 1.06 +0.84
Eaux iGle Gent 902 -9 Eil-Aquitane 204 -2	Dordtsche Pet'm 163.8 - Elsevier-NOU 181.6 -	8.8	Swiss Volkabk. 2,650 +20 Union Bank. 5,180 -10	Fuji Film 1,950 Fujisawa 890 Fujitsu 1,030	-30 -1	Sime Darby
En-Aquitane 204 -2 Easilor	Fokker 85.0 +	0.5	Winterthur 5,100 -60 Zurich ins 6,150	Firukawa Elect. 333 Green Cross 2,030	-1 -20	Tat Lee 8k 2.50
Lafarge Coppes, 745 L'Oreal 2876 +\$7	Heineken 229.0 - Hoogovens 87.0 + Hunter Doug N.V 74.8 +	1.5		I Maisus Basi Feb Hill		SOUTH AFRICA
Legrand 2,685 5 Malsons Phonix 175 +2	int Muetter 77.2 +	0.1	AUSTRALIA	Nitachi 740 Hitachi Credit 1,200 Honda 1,240 Indl. Bk. Japan 1,040	+50	Jan. 21 Price + or
Matra S.A	Nearden 144.2 +	0.7	Jan. 21 Aust & -	indi. Bk. Japan 1,040 ishikawajima Nr., 153	-10	Abercom 2.35 -0,05 AE&CI 9.30
Most Namessy 2,340 + 19		10	ANZ Group 4.66 +0.01	ishikawajima Nr. 153 isuzu ketori 346 isoh (C) 418 ito, Yokado 3,050	-B	Angle Am. Coal. 56
Nord Est	Oce Grinten 458	1.6	Ampol Pet 2.40.02 Ashton 1.29 +0.82	1 040	7230	Angle Am. Corp., 42.75' +1
Perried Rick	Pakhoed 86 4	2	Aust, Cons. Ind 3.02 +0.02 Aust, Guarantee, 2.5 Aust, Nat, Ind 5,1	Kajima 464 Kao Soap 981 Kawasaki Steel 167	+11	Barlow Rand 14.6 +0.2
Peugeot S.A 875 +5	Philips	0.9	APM	Kawasaki Steeler 167 Kirin 754	75	Buffels
Printemps (Au.)., 428 -8 Radiotech	Rodamog	0.0	Beil Res	Kobe Steel - 174	===	De Beet
Roussel-Udlaf 1,610 -30	Royal Dutch	78	Bounaimille 2.25	Komatsu 495 Konlahiroku 673 Kobota 358		FS Geduld 66,76 -D,6
Skis Rossigno L., 1,230 -20 Telemec Elect - 2,730 1	VMF Stork	0.2 1.5.	Bridge Oil,	Kumagal au. 1760 Kyocera Airinga 4,430	+40	Highveld Steel 5.00 B.95 +0.13
Thomson (CSF) - 846 +3	West Utr Bank 97.9:	1,5 8.9	CR 6,92 +0.04	Marubani	-20	OK Bazaars 13,50
			Claremont Pet 1,17 -0.65 Coles (C.J.) 4.450.65	Mazda Motorem, 396 Meija Seika, 547 MEI	-1 -9 -20	Gold Fields S.A., 48 + 2 Highweld Steel 5.00 Nedbank 5.0 8.95 + U.13 OK Bazaars 13.50
	age are as quoted on	the	Comaton An 2.05 ; -0.82	M'bishi Banka as 1,460 M'bishi Cherrana 615	-	Sage Hidgs 9.7
individual exchanges and are suspended, ad Ex dividend, >	c Ex scrip issue. ar Ex rigi	bte.	Costain Australia 9.0 -0.1	M'bishi Curp 594 M'bishi Elect 34	3	Tongast Huletts 8.4
ox Ex all, Price in Schillings			Energ Res 1.82 +0.05	M'bishi Estate	~20	Unised 6.6

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Stock	Soles High Law I	Last Ches 1 Stack	Sales High Law Last Ching	Stock Sales High Low Last Chen	Stack Sales High Low Last Clong
ant.	(Hode)		(Hinds)	(Meds)	(Hods)
Contin	ued from Page	14-0-0-1	22 12 104 10 10	Sovranz 128 1719 32% 32% 32% 1812 18 Speedy 133 1912 1812 1812 1 Soctran 113 19 1814 1814	
OwnMe Oxoco	1329 7-18 5-18	5-16 RichEll Filvel	10 224 224 224 80 31 164 164 1674	SpecCa .07 140 614 775 775 18 SpecCa .07 140 614 775 775 18 Speca 66 1612 16 1614 19 10 1014 14 Speca 67 18 1614 19 10 1014 14 Speca 67 18 18 18 18 18 18 18 18 18 18 18 18 18	US HCs .030150 184 1712 1734 - 14
		351 ₂ RobNu 451 ₄ RobVa	06 56 1314 1314 1314	Standy 2.08 49 8112 3112 3112 3112 3	US Trs 1.20 204 42% 4212 4212 - 14
PacFat	178 12 174	12 + s Rouse	.54 35 273 274 2712 - 1	Skillikic 100 1418 1378 14 + 18	UnTelevi ## 25% 25 25
Pactel PacoPh	175 15% 14%	149 RoyPin RoyIPs	489 27 24 27 7 7	StateG .06a 233 5% 5% 5% 5% 5% 5%	
ParkOn	.18 190 9° 0 .60 19 12% 12%	9's RustPe 12% RyanFs	220 2212 22 2212 + 4	Steiger 286 5 47 5 + 12 StewStr 368 149 14 14 - 34 Stwint 72 4 23 23 23	UnvFm 29 241, 24 34 - 1, UnvFit 1880 191, 18 18 181, - 1, UF68K 15, 170 131, 131, 131, 131, - 1
PaintM Paulitr	237 6½ 6½ 1 4 11% 11%	819 - 14 1134 + 16 SAYING 1812 - 17 SCI S	S S 198 11 1014 1074 - 14	Stwint .72 4 23 20 23 Stifel 2 9 6 6 2 6 7 1 8	Uscar .26 152 6 47 5
Paychx PeakHC	71 12 174	12 1 65		Stratus 954 2212 2114 2112 -1 Stratus 76 172 4994 48 4874 + 3	VU 753 54 554 552 - 18
PegGki PengEn 2	.06 1050 84 84 2.20 8 344 337 .72 54 304 299	92 600	10r 30 74 712 712 18	Strylors 38 24 231 ₂ 231 ₄ Substru 228 99 1881 ₃ 186 136 - 11 ₂	VLSI 241 151 151 151 152 151 151 151 151 151 15
PecoEx .	.72 54 3014 2994 1 10r 5800 89 0	301 ₈ + 3 ₉ Selecti 91 ₉ + 3 ₈ Selecti 203 ₆ + 3 Selecti	.80 233 1634 1614 1614 1 12 2 24 68 2378 2334 2334 1 1 1.60 623 4878 4534 4534 - 1 2	Subre 1.92 33 874 874 874 + 14	VSE 170 6 107 107 107 107 Velicity 411 9 84 84 - 3, Velicity 122 233, 238 239 + 1,
Petrito 1 Phyroct	112 28 29 284 115 71 ₂ 71 ₄	200 ₆ + Safetity 71 ₄ - Shinds	8 12% 12% 12% + 4	Sundel .10 214 91 64 91 14 SunCat 111 19-16 17-16 19-16 +1-16	VetPSL 122 233, 234, 234, + 1, Vales 1.32 262 424, 42 42 - 1,
PSPS .	.15e 2235 \$6 \$6 53e 2428 234 228	22% + 's SaPaul	S 181 82 814 814 -1 100 50 50 50 64 1	SunMed 18 10 16 10 - ½	Valla .40 21 261, 251, 251,
Phrs.Am PicSay	295 751, 328,	32%	14 10 74 75 75 Th. 4	Symbot 69 105g 105g 105g + 5g Symbots 20 87g 87g 155g - 12	Verteti 73 6 6 6 6 1
PicCals Pionhi	1.04 888 347 34	344 + 14 SBKP9	44 794 225, 22 224	Suppose 20 1 124 124 124 1	Victory .128 1141 186 154 157
PoFolk PicyMg	417G 1884 1696 1	17 - 114 ScanTa	8 718 171 161 161 - 1	SyAsoc 155 Bu 9 9	Viking 16 164 16 16 - 14 Viratok 64 2314 2219 2314
Porex Powell	* \$2 26% 25% 2	Schling	44 x166 304 30 304 + 4	Systim 146 75, 71, 71, 71, 5 yelling 41 131, 121, 131, 131, 131, 131, 131, 131	Vocavi 1512 93 9 94 + 12 Votini 246 20 194 194 - 3
Powrice PerConv	334 134 13 500 131 123	12% - 18 SciSt	31 Sig Sig Sig 14 734 74 74 74 - 14 17 8 72 72 72 - 16 112 41g Sig 4	TT	w w
ProcCat ProdEn	.12 171 281 ₂ 281 ₄ 3	140 15-	112 41 37 4 11094 65 84 85+ 1	TCA Cb .16 65 2714 27 27 Tachhis 50 25 212 25 - 1-16	WD 40 1.04 210 22 2714 2712 1 1 WalbCs .32 77 1814 1712 1714 + 14
Priem Priem PricCm	877 8 5% 38 9% 9%	SecTa	77 3 294 3	Tacifies 80 2% 2½ 2% -1-16 Tandem 4834 23% 22% 22% Tandom 857 4% 4% 4% ToCom 17 144 144 144	Wild Tel 115 87 55 50
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	21	20	17	15	High	Low
Metals & Minis Composite	2,312.2° 2,828.2°			2,259.7 2,876.2		1740.82 (\$1/19/85) (\$) 2348.5 (\$/1/85)
MONTHEAL Portions	138.12	139.45	140.97	140.52	142.67(17/12/6	5) 117.80 (4/1/85)
* kulicates pro-clese figure						

	Jon. 21	Jan. 20	Jan. 17	Jan. 16	1965 High	.66 Low
AUSTRALIA All Ord. 11/1 80: Metals & Minis, (1/1/80)	1867,8 545,8	1065,6 645,5	1056.7 · 555.4	1068.3 546.7	1067,6-21,1-86+ 683,8 + 20,5+	215,5 .7.1 85 582,5 .1.1 85
AUSTRIA Gredit Aitken (2:1:82)	124.27	125,58	126,22	126.26	126,8Z: 15 /1:86	58.21 (24/1 85
BELGIUM Brussels SE 15/1/801	2622.75	2825,35	2810,4	2786,02	2888,36 : 25:111	2090,7-10-1 85
OEHMARK Copenhagen SE (5:1 83)	tel	214,92	219.69	219,75	287.76 -1.1/86	158.44 18:1:85
FRANGE CAC General (3:1:60) Ind Tendance (51/11.82)	271, 4 102, 8		276,6 105,1		262,5 ,8:1/861 108,2 ,8:1/86	
GERMANY FAZ Aiktien 191/12/581 Commerzbank (1/12/55)	887,42 2076,1	70e, 77 2139,3	710.83 2149.7		116,78,15:1/85) 2161,8(15:1/86)	
HONG KONG . Hang Song Bank : 51-7:64	1776.18	1775.82	1806.86	1797.22	1926,54 -8 86	1220,74:2-1:65
ITALY Banca Comm (tal. 11972)	488,47	467,57	480,52	474,97	409,47,21,1,36	228,56 (2.1.85
JAPAN** Nikkel 16:5:49 Tokyo SE New 4:1:68	12881.5 1025.85		13000,70 1054,26	15027, 1 1034,67	18186.9 ₁ 4·1:88 ₁ 2057.85 10 7:	11545.2-5;1-65 916,98 -4/1 85
HETHERLANDS ANP. CBS General (1970) ANP.CBS Indust (1979)	265.8 254.1	265.5 254.7	265.2 255.8	265,4 253.8		185,6 13.1 83 147,9 (5·1 85
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SPAIN Madrid SE (30: [1:85)	111.70	110, 11	f 12,49	110,80	113, 11, 20-1, 061	100_0-30-12 85-
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SWITZERLAND Swigs BankCpn/31/12:50)	554,9	592,1	605.0	6 10,3	625.5 (8-1-86)	588.7 i3 l 85
WORLD M.S. Capital Incl. (1/1/78)	_	253.9	255.8	256.4	259,9 (7-1.86)	184,6 ,4 1 85

** Saturday January 11: Japan Nikkei (c). TSE (cf.

Base value of all indices is 100, except JSE Gold—255.7; JSE Industrial—254.1. Austaria All Ordinary and Metals—500; NYSE Composite—50. Standard and Poors—18; and Toronto Composite and Metals—1,000, Toronto Indices based 1975 are Montreal Portfolio 4,1/83. 1 Excluding bonds, 1 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports c Closed, u Unavailable

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BELGIUM & LUXEMBOURG

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Lower oil price fuels setback

THE IMPLICATIONS for US financial institutions of the renewed fall in world oil prices triggered a setback on Wall Street yesterday, writes Terry Byland in

Futures-related selling sent the hlue chips plunging, and sparked a sharp increase in market turnover. Oil stocks suffered widespread falls in heavy trading, as February contracts for crude oil dipped below \$20 a barrel in New York. Some banking stocks fell back despite a batch of satisfactory earnings reports.

The stock market steadied later, helped by the credit market. Bonds held firm ahead of today's publication of the Commerce Department's revised GNP estimates for the fourth-quarter of 1985. At 3pm, the Dow Jones industrial average was down 19.61 at 1,509.52.

The fall in oil prices has mixed impli-

cations for Wall Street. While indicating low inflation and stimulation for US and world industry, lower oil prices also threaten the domestic and international energy loan portfolios of US banks.

Stock in Manufacturers Hanover dipped \$2% to \$45 despite improved fourth-quarter profits. Citicorp, announcing a sharp rise in earnings,

FT-Actuaries

1983

1,509.98* 1,529.13 1,261.37

715.81

172.34

207.53

1,378.3

669.93

731.41

12.881.50 12,952.05 11,964.50

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545.5

125.53

2.822.73 2.823.33 2,096.62

2,212.2° 2,224.1 2,061.8 2,828.2° 2,846.4 2,454.4

138.12° 139.45 124.46

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103.4

687.42 708.77 402.1

2,076.1 2,139.3 1,169.4

1,776.19 1,775.82 1,350.0

254.7

383.85 399.14 314.2

600.09 596.18 768.71

Prev

1,088.0

111.70 113.11 110.27

1,763,93 1,747,98 1,438,96

592.1

255.8

£1.015.50 £1.007.50

£2,432.50 £2,452.50

436,95

\$25.05

\$352.75

\$356.875

\$357.43

\$357.75

\$352.80

254.1

594.0

253.6

COMMODITIES

GOLD (per ounce)

n/a 241.92 162.79

190.8

104.1

154.2

Year Ago

1,043.3 902.6

404.4

190.3

427.10p

\$351.625

\$351.75

\$354.45

\$354,00

STOCK WARKET INDICES

Jan 21

715.34*

170.09*

1,378.1

730.19

341.8

1,108.7 1,106.1

1,067.6 1,065.6

124.47

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

SELGRE

DEMMARK

FRANCE

CAC Gen

HONG KONG

Hang Seng

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

JSE Golds JSE Industria

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

Silver (spot fixing)

Oil (spot Arabian Light)

Coffee (Mar)

SPAIN

SWEDEN

WORLD

(London)

London

Paris (fixing):

New York (Feb)

Zürlich

Straits Times

Ind. Tendence

WEST GERMANY

Metals & Mins

Credit Aktier

Belglan SE CANADA

TOKYO

FT Gold mines

D.J Industrials

DJ Transport

S&P Composite

1984

593,22

147.77

175.32

1,024.5

627.28

690.38

463.0

1985

1986

Jan 21

202.4 7.54 2.084

1.40545

fered rate) 3-month US\$

US Fed Fu

8% 1993

972 9%

1-30

15-30

AT & T

3% July 1990

10% Mer 1993

10% May 1993

Alcoe

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

Three-month Europic

20-year Notional Gift

£50,000 32nds of 100%

\$1m points of 100%

Mar

Mar

LONDON

Diamond Sharmrock

Federated Dept Stores

US Treasury Bonds (CBT)

US Treesury Bills (IIIII)

Certificates of Deposit (IMM)

1995

Source: Marrill Lynch

6-month US\$

US BONDS

8.136

9.025

9.197

Jan 21 Day's change

+0.25

+0.20

+0.20

+0.44

Price 991%2

98*%z 1012%z

10421/12

Return

137.57

134.36

129.28

136 25

149.11

86.87

8% May 2000 89.872 10.10 89.872 10.10

10% May 2013 100.634 10.55 100.634 10.55

11.80 Feb 2013 107.782 10.90 107.782 10.90

12% Dec 2012 107.041 11.40 107.041 11.40

FINANCIAL FUTURES

Latest High

104 8.825

CURRENCES

Previous

2471

202.35 7.5725 2.097

US DOLLAR

eased \$% to \$45%. Others responding to results were Mellon, \$% off at \$55%, Bank of Boston, down \$\% at \$61, and Republic, down \$1% at \$53%, but Wells Fargo held unchanged at \$68%.

In oils, Exxon tumbled \$1% to \$50%, with more than 1m shares traded at mid-session. Also lower were Atlantic Richfield, down \$11/4 at \$58, and Chevron, down \$1% at \$34%.

Airlines rose as prices for fuel oil, their major cost, fell back. Delta at \$42%, gained \$1, but the best gain came in Northwest Air, which was \$11/4 up at \$47% on renewed bid speculation.

Technology issues opened firmly after good results on Monday from Burroughs, which added a further \$1% to \$64. Support soon waned, however, and IBM, weak since announcing its own results on Friday, was unchanged at \$149%. Honeywell added \$% to \$75%, and Digital Equipment, still responding to excel-lent figures, added \$1 to \$147%.

Major industrial and manufacturing issues to announce results included Alcan, \$% off at \$30%. Among defence/ aerospace issues, Raytheon edged up \$\%\ to \$54\%\ on the results, while United Technologies, at \$45\%\, eased \$\%\.
Ethyl Corporation was \$\%\ better at

\$30% on results and American Brands 5% up at \$65%.

In a mixed railroad sector, Burlington Northern slipped \$% to \$71% but Santa Fe Southern gained \$\% to \$35\%. Union Pacific, also with results due, fell \$1% to

Pharmaceuticals registered disap-pointment with the absence of further moves by the G5 countries to lower the dollar. SmithKline Beckman gained \$% to \$76 after disclosing higher profits.

FT-Ordinary Share Index

1150

41100

STERLING.

3,4575

284.75 10.6075

2.9325

3.89

n/a 2,354.5 2,383.25

1.9846

8%s የ%s 7'%s* 7.80° 7.015°

1.4155

3.4975

286.5 10.7175

2.9675

13%

41/10

8¼ 8¼ 7¼ 7.85 7.34

Price Yield

99154 8.189

98% 9.118

101% 9.295

104% 9.441

8.89 -0.03

8.79 -0.04

Prev

8.64

9.74

Price Yield Price Yield 100.75 10.15 100.75 10.15

102 10.22 102 10.22

83-26 84-06 83-18 83-17

93.13 93.16 93.03 93.00

92.28 92.28 92.26 92.22

91.97 92.00 91.92 91.86

107-18 108-00 106-27 107-00

Day's

-0.03

+0.02

7.40

KEY MARKET MONITORS

Pfizer, reacting to results announced this week, fell \$1% to \$48 in heavy turnover. Other weak features included Bristol-Myers, down \$% at \$61% and Upjohn. \$% off at \$125%.

The retail sector was easier, with Federated Department Stores the softest spot with a fall of \$2% at \$66% after announcing restructuring plans. At \$36%, Sears gave up \$% and J.C. Penney shed 5% to \$55 as Wall Street braced itself for the year-end reports from the major

Chemicals joined in the rout among the other blue chips. Du Pont fell \$11/2 to \$60% although selling was not heavy, while Monsanto at \$46 was a further \$% off. Union Carbide, now traded more calmly than in recent weeks, eased \$\% to

In the credit sector, short-term rates eased despite the waning of hopes for a cut in federal discount rate. Helping the mood was a dip in federal funds rate to

below the 8 per cent level.

Bonds opened sharply higher on the anti-inflation aspects of lower oil prices, and managed to hold gains of half a point despite some moments of uncerainty. The market expects the revised GNP figures to be close to the original

EUROPE

Profit-takers inflict heavy toll

PROFIT-TAKERS inflicted a heavy toll on the European bourses yesterday as concern over the falling crude oil price and some belated disappointment over the outcome of the G5 meeting further

weighed heavily on sentiment. Frankfurt bore the brunt of the fall with a weaker tone in banks depressing the Commerzbank index 63.2 to 2.076.1 as a succession of rights issues failed to impress market operators.

The two-for-15 rights issue by Commerzbank was accompanied by a one-third increase in the dividend to DM 8 for 1985, but the pricing of new shares at DM 300 was judged excessive. The bank fell DM 14 to DM 344. BHF, which announced a one-for-10

rights offer late on Monday, was marked down DM 23 to DM 550, while Deutsche Bank, the largest retail institution in West Germany, fell DM 14.50 to DM 868. Siemens gave up all of Monday's gain

with its DM 12 fall to DM 805 and Metallgesellschaft, which surged DM 21.90 in the previous session dropped DM 20 to DM 390.

Following the weaker trend in banks. insurers showed some dramatic falls. Allianz weakened DM 88 to DM 2,460, while associate insurer Munich Recontinued to prove volatile with a stunning DM 250 fall to DM 3,650.

Among the few issues to gain on the day were Lufthansa up DM 2.50 at DM 277.50, Rosenthal DM 6 stronger at DM 350 and Thyssen DM 2.50 higher at DM 183.00.

The bond market was steady in thin trading with prices moving 10 basis points either way. Intervention by the Bundesbank amounted to sales of DM 37.9m against Monday's purchases of

Institutional profit-taking surfaced in mildly softer Paris. Retailers led the decline with Damart down FFr 138 to FFr 1,810 and Darty soon followed with a FFr 75 drop to FFr 2,185.

Oils continued to slip. Total CFP fell FFr 6 to FFr 309 ahead of its encouraging profits analysis for last year and Francarep suffered a more damaging FFr 19 fall to FFr 320. Milan encountered very strong de-

mand only partially offset by profit-tak-ing. Flat hit a record L6,531 with a L130 gain but weakened slightly in afterbourse trading.

Olivetti moved further into the five-digit territory with a L50 gain to a record L10,050. . Brussels was mixed but active. Chan-

nel tunnel related issues again made good progress with Société Générale up BFr 35 at BFr 2,180, Electrobel BFr 750 higher at BFr 11,800, while ACEC hit a 14-year high of BFr 670 with a rise of

Petrofina lost BFr 60 to BFr 6,300 in hectic trading, while the British group GEC shed BFr 6 to BFr 123 on a record turnover of 260,000 shares.

Zurich was weaker with Hoffmann La-Roche SFr 250 down at SFr 13,525 ahead of forecasts. Engineering issues were strong with Saurer SFr 13 ahead at SFr 223 and Oerlikon Bührle SFr 69 higher at SFr 1,699. A firmer Stockholm saw Fermenta

top the active list again with a SKr 9 rise to SKr 283 and Electrolux, also busy, gained SKr 7 to SKr 204. Amsterdam weakened slightly while

utilities led Madrid lower in quiet trading.

CANADA

OILS continued to fall taking Toronto lower in most sectors. Imperial Oil Class A showed further losses amid continuing lower crude oil prices. It traded C\$1 down to C\$46%. However, Gulf Canada was unchanged at C\$20% in active trading.

Elsewhere, Canadian Pacific traded C\$1/2 higher at C\$181/2, Pacific Western Airlines lost C\$1% to C\$12%.

In Montreal industrials traded largely unchanged, while banks and utilities

Japan Line provokes

AN OVERNIGHT decline on Wall Street losing session in Tokyo yesterday, writes Shigeo Nishiwaki of Jifi Press.

Incentive-based issues, such as Fuji Electric and Tekken Construction, firmed on speculative buying, but most blue chips and large-capital issues eased on small-lot selling.

Street's overnight tumble in response to the failure of the Group of Five finance ministers and central bankers to agree on a concerted interest-rate reduction.

price plummeted Y14 to Y58 on contin-

tive-based issues attracted buyers. Fuji Electric, second on the active list with 12m shares traded, rose Y16 at one stage but slipped back on profit-taking to close Y10 up at Y346.

demand for battery products and the news that the company will start producing infrared spectroscopes using technology from the US.

Elsewhere, Nissho Iwai firmed Y4 at one stage, benefiting from its trade per-formance with the Soviet Union and its diversification into the information industry. However, it later fell to close Y1 down at Y303 on volume of 5m shares, the third most active of the day.

chips and large-capital shares such as Tokyo Electric Power eased on subdued buying interest. The bond market rallied in response

prices. The yield on the benchmark 6.2 per cent government bond due in July 1995 dropped to 5.770 per cent from Monday's 5.840 per cent.

further fall

and active selling of shares in Japan Line, which is being restructured, drove prices down for the fourth consecutive

The Nikkei average lost 70.55 points to 12,881.50 on a light volume of 232.41m shares, up from Monday's 168.14m. Losses led gains by 502 to 295 with 167 issues unchanged

Investors were discouraged by Wall

The market was further upset by selling of Japan Line shares in the afternoon. It topped the list of most-active stocks, with 17m shares traded, and its

ued small-lot selling.

A large securities firm attributed the fall to some dealers short-selling to take quick profits.

In the depressed market some incen-

The shares drew strength from strong

Fuji Electric's rise was also aided by rumours that Siemens, a large shareholder, was seeking to increase its hold-

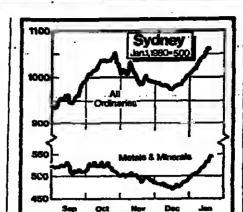
Tekken Construction continued to attract buying interest on speculation about a redevelopment programme for idle land held by Japanese National Railways, gaining Y8 to Y415 .--- --

However, Victor of Japan, which was traded actively on Monday on reports of a plan to increase the production of video discs, fell back Y130 to Y1,970.

Constructions were favoured but blue

to a fall in North Sea crude oil prices

Speculative buying interest by some large securities houses was evident be-cause bond yields had reached fairly high levels in reaction to a delay in the US Federal Reserve Board's decision to cut the discount rate.



AUSTRALIA

SHARP GAINS by resources stocks led Sydney to a record yesterday in active

The All-Ordinaries index shrugged off negative overseas news on gold and oil prices to close at a new high of 1,067.8, up 2.0 on the previous session.

Takeover speculation and a strong profit announcement in the resources sector helped to strengthen the market BHP was heavily traded and closed 4 cents higher at A\$9.14 on talk of a possible takeover bid by Mr Robert Holmes à

In turn, his Bell Resources announced strong year-end profits and closed 5 cents up at A\$6.50.

North Broken Hill, subject of a partial takeover from IEL, rose 2 cents to A\$2.82 in active trading, while IEL added 8 cents to A\$7.40.

LONDON

A LATE firmness in crude oil prices and US buying of selected blue chips gave a boost to London from low early levels. The FT index closed 2.6 up at 1,108.7, while the FT-SE 100 index ended 0.2

down at 1,378.1. US buying saw Beecham add 10p to 330p and Reuters B rise 10p to 385p. Longer-dated gilt-edged securities closed with gains ranging to 4, while shorter maturities recouped early losses

of ¼ to end that much higher. Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32, 33

HONG KONG

BARGAIN-HUNTING and short covering gave a late lift to Hong Kong where the Hang Seng index closed 0.37 up at 1,776.19 after an 11.84 fall early in the

Utilities, after heavy selling on Monday, recouped some of their losses. Hongkong Electric closed 5 cents up at HK\$8.80 and Hongkong Telephone was 10 cents higher at HK\$11. However, China Light slipped 10 cents to HK\$16.50 and Hongkong and China Gas was also

10 cents down at HK\$74.

Elsewhere, Cheung Kong was 10 cents up at HK\$20.80, Hongkong Land was 5 cents higher at HK\$6.75 and Swire Pacific also added 5 cents to HK\$30.60. Hutchison Whampoa was unchanged at HK\$27.30.

SOUTH AFRICA

FIRMER DIMION Drice Doosted in Johannesburg in fairly active trading. Buffels and Gold Fields added R1 each to close at R85 and R42 respectively, while Driefontein was 50 cents up at

Mines and mining financials followed the rising trend with Anglo American up R1 to R42.75, diamond share De Beers 20 cents firmer at R18.10 and Rustenburg Platinum 35 cents higher at R27.60.

Foreign fear a sparks wave of selling

A WAVE of selling hit share prices on the Oslo stock exchange yesterday. writes Fay Gjester in Oslo.

All the market leaders lost ground in heavy trading, and the total value of the 123 companies quoted on the main exchange (Bourse I) dropped to NKr 89.9bn (\$9.2bn), from NKr 72.2bn a day earlier - the steepest decline in a single

day in nearly two years.

The All-Share index fell to 300.99, from 310.65 on Monday and a 1985-86 high of 325.31.

Investors, besitant since the new year, appeared to have been panicked by London broker reports advising foreigners to pull out of Norwegian shares now.

Two such reports - by Grieveson Grant and Enskilda Securities - were promised. nently quoted yesterday in an Oslo business newspaper. Foreign funds have provided much of the impetus for Nor-

way's prolonged bull market. Other negative factors were the con-tinuing fall in oil prices and interest rate increases triggered by recent controversial money market measures.

The relative size of the declines varied considerably, Norsk Hydro, which this week finalised a promising takeover of French fertiliser producers Cafaz, was down only NKr 4 to NKr 137.50 com-pared with a 1985-86 high of NKr 187.50. Borregaard, which has just an-nounced a dividend increase, closed at

NKr 459, down NKr 7 from Monday and only NKr 18.5 lower than its 1985-86 high Elkem, on the other hand, dropped NKr 7.50 to NKr 95.50 – far below its 1985-86 high of NKr 158. Norsk Data fell NKr 15 to NKr 415.

Kosmos lost NKr 2 to NKr 201, Den norske Creditbank, retreated NKr 6 to # NKr 174 and Norcem was down NKr 12.50 to NKr 155.

A stock exchange spokesman said for-eign investors had supplied much of the fresh capital which had flowed to the market during the past couple of years, and this flow would be significantly weakened if they should disappear for good - "but we don't expect this to

Bank of Norway figures on net share purchases by foreign investors are published with a three-month delay.

SINGAPORE

INSTITUTIONAL BUYING helped Singapore to recover from Monday's downward trend and the Straits Times industrial index closed 3.91 up at 600.09.

However, trading was quiet in the absence of fresh factors. Most active share was Singapore Airlines which shed 4 cents to close at

Banks were generally higher to steady. OCBC added 5 cents to \$\$6.95, Public Bank 4 cents to S\$1.06 and Malay Banking 4 cents to S\$4.32. DBS and OUB were steady at S\$4.74 and S\$2.38 respectively.

Elsewhere Singapore Press was 10 cents up at S\$5.70, Sime Darby added 3 cents to S\$1.44 and Genting rose 6 cents

Chase Manhattan Limited is pleased to have assisted in the assessment by

The Department of Transpor

of proposals to construct and operate a

Channel Fixed Link

and to have rendered its opinion on the financing proposals submitted by promoters.

20th January 1986



Investment



SECTION III FINANCIAL TIMES SURVEY

Sharply rising costs for insurance subscribers have caused a slowdown in market growth and a dispute about how far services should extend into non-acute hospital care.

PRIVATE HEALTH CARE

Spiralling costs cause divisions

By LISA WOOD

THE CONTAINMENT of costs industry as it tries to sustain growth into the 1990s. Rapid expansion in subscribers between 1979 and 1981 slowed

last year to an estimated increase in the market of only between 3 and 4 per cent. Five years earlier in 1980 there had been a record 30 per cent rise in business, falling back to a more modest but still substantial 14 per cent in 1981. The slowdown—and hence the need to contain costs—is largely a consequence of spiraling premiums. Between 1981 and 1983, when the retail price index rose by 14 per cent the average subscription cost per person covered rose by about 61 per cent. Private insurance accounts for an estimated 70 per hospitals where charges are

accounts for an estimated 70 per

cent of acute private hospital care, with the remaining 30 per

cent accounted for by overseas patients and individuals who pay for their own treatment. and 1985 but those of Bupa, the largest provident association, cent. These rates, Bupa says, were well below the rate of medical inflation which is cur-rently running at about 15 per cent, mainly as a result of clal hospitals has increased higher equipment replacement from 28 per cent to 53 per cent

such spiralling costs has been the subject of a debate that has erupted publicly in the last few months after simmering in private for some years. At its most extreme the argument is that foreign, commercially run organisations, and mainly US-owned ones have been the major offenders.

major onenuers.

Not all agree, however. "To allege that the influx of US commercialism is responsible for the whole cause of the rise in costs is misleading," says Mr Roy Forman, chief executive of

pay bed towards independent hospitals where charges are higher. The Auditor-General is investigating whether prices charged for NHS pay beds are reasonable or, as the commer-Overall average subscription costs are not available for 1984 and 1985 but those of Proceedings of the commercial sector claims, they are underpriced. The cost of a 10-day stay in a new had a sector claims, they are underpriced. day stay in a pay hed at the NHS Westminster Hospital would be around £1,660, while are not untypical. In those two the cost of similar accommoda-years when the retail price tion at a luxury commercial index went up by 10 per cent, one would be around £3,500. Bupa increased its subscription More beds within indepenrates by 9 per cent and 14 per dent bospitals are now run on a commercial rather than a charitable basis and are hence more expensive. Since 1979 the proportion of beds in commer-



religious share dropped from 72 per cent to 47 per cent.

All bospitals, whether NHS or independent have raised their charges substantially and

often well beyond the rate of general inflation.

The tendency towards high-tech procedures such as transplants (AMI last week an-nounced the first heart transplant at a private health hospital in the UK but in this case the US-owned group and its surgeons did not charge). Overbedding. Even though hospitals are finding it difficult to boost their occupancy to break-even level, new beds are being provided. Charges have been pushed up to cover high overheads as a result of low

Britain's provident associa-Bupa, PPP and WPA, which account for over 90 per

WHO'S KEEPING PRIVATE HEALTH CARE IN BETTER SHAPE?

are heing challenged, too, by provident associations have not relaunched its private medical care insurance.

New approaches

"Whereas the smaller provi-dent associations have gene-rally been content to follow Bupa's lead in contract terms and conditions the commercial insurers have been more new approaches and packages," says Mr William Laing in a recent Office of Health Economics report, Private Health Care 1985. These include

devices such as part insurance.

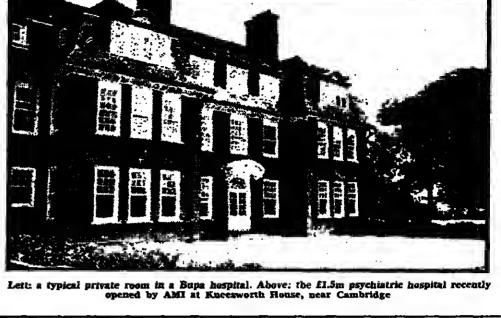
A plethora of new services tions, including the major three such as outpatient, psychiatric Bupa. PPP and WPA and alcohol abuse care—are which account for over 90 per also being tested by commer its own insurance packages on cent of the insurance market cial hospitals, fields which the lines of its Amicare in the

commercial insurers. The most been keen to tackle on the recent intervention has been ground that they do not fall that of Mutual of Omaha, the into their philosophies of pro-UK subsidiary of which has yiding for acute hospital care. puts pressure on premiums.

This is the background to much of the criticism by the provident associations of com-mercial providers such as AML

Its chief executive Mr Gene Burleson argues they are merely trying to expose more of the population to private care. Not so, responds Mr Bob Graham, chief executive of Bupa. "If you start to build long-term care into insurance then the costs of subscriptions have to go up and you limit the market,"

It is a debate that is not likely to subside this year, with AMI threatening to introduce



	1979							
Category	No. of bespitals	%	No. of beds	%	No. of hospitals	%	No. of beds	%
Charitable								
Religious	33	22	1,879	29	29	14	1,725	17
Charitable	21	14	1.664	25	28	14	2,040	20
Charitable groups	34	33	1,175	18	38	19	1,555	15
Charitable total	88	59	4,718	72	95	47	5,320	52
For-profit								
American groups	3	3	366	6	24	12	1.924	19
British groups	4	3	156	21	30	15	1.319	13
Independent	54	36	1.378	20	52	26	1,592	16
For-profit total	61	41	1,900	28	166	53	4.835	48
Total		100	6.578	100	201	100	10,155	166

services it is now test market-ing in the UK such as primary care, private accident emergency treatment and an

"I would prefer to stay with an existing insurer but if we have to go into the market we have the resources to do it,"

Migration

The move towards non-acute care is being encouraged by too many beds being made available in some parts of the avaisable in some parts of the country, particularly central London. Casualties include the Nuffield Hospital group's 68-bed Nightingale Hospital in London which is to close this year. "We have run the hospital since 1978," said Mr Oliver Rowell, managing circe-tor of the Nuffield Hospitals, "But since then eight new pri-

vate hospitals have opened in central London, offering more than 800 new acute beds. This competition has been coupled with a migration away from the centre of London where we have been investing in the last

two years."
"There is a degree of overbedding." sald Mr John Randall, of the Association of Independent Hospitals, "It is a combinanon however of speculative building by commercial dev lopers in areas where acute hospitals are not needed and the fact that much of the planning assumed that NHS pay beds would be phased out. One fifth of private patients are still treated in NHS pay hads."

treated in NHS pay heds."
The cost of huilding by the commercial sector was some-times exaggerated by critics Mr Randall said. But he added: CONTINUED ON PAGE 2

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Links with the National

chief executive of Bupa chief executive of American

Pitfalls in caring for the aged Specialty services: paying for test tube babies Voluntary sector

The US scene: for-profit hospitals feel the squeeze Psychiatric care

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Pressure on costs stimulates more co-operation

Links with NHS

ROBIN PAULEY

THE GOLDEN days of fast and easy profits for the private medical sector have gone in Britain, as in the US. The prob-lems are different to those within the National Health Service but each sector is now battling against considerable financial pressure with the result that, finally, there are a few signs of mutual co-opera-

For years there has been a common face between the private and public sectors — private wards and pay beds in NHS hospitals, NHS consultants also working as private consultants — but the two have continued to exist as entirely different and expectate worlds. different and separata worlds.
The Office of Health Econ

omics has reported on two independent surveys by the Royal Institute of Public Administration and Leeds Uniresity's Nuffield Centre for Health Service Studies. They indicate that collaborative and co-operative arrangements are still largely regarded by health anthorities as avenues of last resort when efforts at achieving n in-house solution fail. Nevertheless, the surveys also show that where a public-private interchange takes place it is usually implemented success-

Contractual

The 1984 studies show that in the majority of fields the health authorities had not discussed

vider and the independent sectur as consumer—for example
the salling of clinical services
such as pathology by tha NHS

equipment that separately
is all in containing costs and in a
partnership with the NHS.

One example has been an
agreement between Buna hos-



The film lithetripter made available by Bupa for use by NHS and private patients being used at St Thomas' Hospital, Mr R. E. D. Shuttleworth, consultant urologist (left) and Mr R. Graham, chief executive of Bupa, watch a patient being lowered into the water. Shock waves disintegrate the kidney stones in the body into sand grain particles. The treatment is usually painless and takes about 45 minutes

the flow was the other way with a third of health authorities contracting out long-term care of the mentally ill. men-

tally handicapped and the disabled to the private sector.
But the new financial pressures facing both sectors authorities had not discussed collaboration or entered joint development for use by both sectors public and private patients coupled with the sharp rise in within the previous 12 months. Nevertheless, more than 40 per cent of the 202 health authorities in England and Wales had some sort of contractual arrangement in place.

The dow was heavily weightad to the NHS and private sector. But the new financial pressures facing both sectors outled with the sharp rise in the worldwide costs of new medical technology could push the NHS and the private sector. But the new financial pressures in within the prevale sectors.

But the new financial pressures in the worldwide costs of new medical technology could push the NHS and the private sectors.

But the new financial pressures in the worldwide costs of new medical technology could push the NHS and the private sector for the NHS and the private sectors.

The dow was heavily said the NHS and private sector could make joint use in vider and the independent sec-

Mr Kenneth Clarke, then

Financial Times conference on independent health care that the Government regarded the private sector as complementary to the NHS and he urged twoway co-operation.

There are already some examples, principally between the NHS and the British nonprofit private sector rather than the US-led organisations which are more profit-orientated.

Bupa chief executive, went as far as to say last year that the future of private health cara

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Nationwide

Hospital groups July (1985)

to fund jointly a nurse tutor who will work at seven NHS hospitals in East Anglia and the new Bupa hospital at

The rola of the nurse-tutor is to co-ordinate all in-service training of the qualified nursing tha NHS and the British nonprofit private sector rather than
the US-led organisations which
are more profit-orientated.

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Buna chief executive wart as the thin as manufact nursing that the Bupa hospital while
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Both sides are enthusiastic. Mr Robert Guest, district nurs-ing officer, said it was unlikely iay in containing costs and in a partnership with the NHS.

One example has been an agreement between Bupa hospitals and the Great Yarmouth the service of Bupa's hospital, said he

-Hospitals-

For long-term chronic care health minister, told the last and Waveney health authority believed it was the beginning of a long-term programma of co-operation with the health

> The most important joint wenture so far has been the instal-lation of a film lithotripter, bought by Bupa, in St Thomas's Hospital, London, The lithotripter is being used to treat around 1,500 patients a year. It uses shock waves to disinte-grate kidney stones without sur-

supporting the units staffing costs. The lithotripter is available to both NHS and private

A similar sort of deal is the new film magnetic res imaging scanner in London's National Hospital. The scannar unit is managed by Bupa but offers a direct referral service to both NHS and private patients.

However, a substantial resi-due of distrust remains between the two sectors. Mr Gene Burleson, chief executive, of American Medical International which now leeds the for-profit sector in Britain, doubts that very much will change without further poli-tical initiatives which are nnlikely unlikely before the next general election.

Government is not prepared to hold for a couple of years," he

A major attempt by AMI to own optician's show set up a joint NHS facility \$40,000 a year by tailed last year when the high street prices?

public sector pulled out. AMI proposed a £2.5m project under which it would buy its install a lithotripter in Manchester and, on the basis that such a piece of equipment can serve a population of 10m, it would contract it out to the basit services in and around health services in and around

the dty. Several districts agreed but at the last minute decided that they would pool their NHS resources and buy their own machina. So AMI withdrew its plans and installed the litho-tripter in the US instead: another me is now going into

AMI in Switzerland, Although disillusioned about the lack of NHS enthusiasm for such joint projects AMI is now negotiating another scheme under which it will provide a radiotherapy unit provide a radio-therapy unit in a building adjacent to a non-London teaching hospital. It will be used by private and public patients. AlaI will put up the £45m costs and will receive a management fee from the NHS while the NHS will operate the unit on a day-to-day basis, putting in the radio-logists and staff. However, in soite of the ratio-present the retirement of the retirement of the retirement. spite of the reticence of the public sector and the fact that the Government has put the issues on the back burner since the 1983 general election there is an important new develop-ment which could lead to much more interactive work between

Under the reorganisation of the NHS all districts and units have been required to appoint general managers. They have five-year contracts and may well try to make things happen as part of the pursuit for tight budgetary efficiency.

Two-way flow

Already an increasing variety of services are being put to tender. Portsmouth, Beth. Blackpool and Newcastle have gery.

While Bupa paid for the technology, St Thomas's paid tions where the NHS waiting for all the building and installation costs for tha Lithotripter centre and the Department of the properties and the Department of the properties and the properties is to carry out some operations and the NHS now pays for nearly 10,000 operations a year to be carried out in private hospitals. Sometimes there is a two-way flow of business. One of these authorizations are supported to the properties of the private have played to the private have contracted with private have played to carry out some operations and the NHS waiting list is too long and the NHS uniting the have contracted with private have played to carry out some operations and the NHS waiting list is too long and the NHS uniting the have contracted with private have played to carry out some operations. of business. One of these authorities, Portsmouth, has won a £100,000 contract against bids from five private sector organ-isations to provide the pharmacentical services to Bupa's new hospital in Portsmouth.

Tha Government had hoped that such two-way examples would be commonplace rather than rare exceptions by now. than rare exceptions by now.
One reason for the slow progress has been the dcpth of the different philosophical approaches of the two sectors—coupled with some poor experiences of co-operation, notably in some of the arrangement for the approaches of ments for the contracting out of laundry and cleaning services. But with increasing cost pres-

sures NHS managers seem set to become more entreprenantial in thair approach and the congeneral election.

He thinks eventually an in thair approach and the ventually entire health district will be sequent merging of philosophy could bring the public and private sectors together in cooperative business go out on a limb to make it much more often. Who would happen. "I think we are on have thought, aven five years ago, that an eye hospital such as Manchester's might open its own optician's shop and maka £40,000 a year by under-cutting

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Spiralling costs cause divisions

CONTINUED FROM PAGE ONE

"I do not understand why some US companies are paying in excess of £150,000 a bed for some London developments."

some London developments."

The future according to one observer is likely to witness a continuation of the process of transformation of private health care from a cottage industry supported by voluntary institutions into a sector of corporate activity, though the provident associations remain consident they will have a continuing role.

Slowdown

Mr Laing, an his OHE report, argues that the process of corporatisation that occurred in the US in the 1960s and early 1970s will be repeated in the UK. "The emergence of American-based health care multinationals, now operating throughout Europe, is a product of this development," he said.

"The implications for cos and quality of private health care in Britain, and its relation-

care in Britain, and its relationship with the dominant public sector, are likely to be significant," he observes.

At stake is a share of a market which in spite of the slowdown in growth is now very substantial, Overall, independent hospital based services (excluding local authority registered residential care of the elderly) amounted to \$227m the elderly) amounted to £827m in the UK in 1984, the last year for which figures are available from the Office of Health Eco-



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Two aspects of the widening gulf between the insurers and the US providers of private medical care

Containment of costs is main problem

Robert Graham
explains to

The A WOOD Lie type care, that is low-cost fairly routine work. Soddenly there was an influx in the 1970s of highly-priced commercial providers of private health LISA WOOD his case for modest levels of hospital treatment

ROBERT GRAHAM chief executive of Bupa, Britain's biggest provident association, appears a mild-mannered man appears a mid-mannered man but be spoke out strongly et a recent conference against what he called the influx of profit-making and mainly foreign organisations which now account for over 50 per cent of the private acute hospital beds in this country. in this country.

Mr Graham is at pains to play down what newspapers described as a bitter bostility towards the commercial pro-viders, and in particular US-owned ones. "I am not against commercial organisations," Mr Graham said, "but there are hospital groups that provide great luxury and we tend to see the needs of our patients more modestly."

"Cost containment," said Mr Graham, "is the greatest prob-lem and I would criticise some of the commercial providers for or the commercial provides nor nurealistic profit levels. When we started our hospital agree-ment plan two years ago, which negotiates an annual ceiling on costs for certain procedures in all but three of Britain's 180 acute private bospitals there were instances of up to 500 and 600 per cent mark ups on things like draws."

like drugs."
In discussing the escalating cost of insurance premiums Mr Graham reflected on the history of Bupa which beside its insur-ance owns eight hospitals and manages a further three in

England, Scotland and Wales.
"Bupe," he said, "was tradi-tionally a middle class movement and not a wealthy man's

Not only did the new commercial providers offer lurnry but also the more high-tech operation such as heart by-passes and services such as in passes and services such as in vitro fertilisation. We are not opposed to high-tech medicine," Mr Graham said, "but we have to be selective. You cannot overnight ask policy bolders for a great deal more money than they are used to paying."

He strongly fends off criti-

He strongly fends off criti-cism—made by organisations such as AMI — that Bupa is restricting growth in the busi-ness by not providing insurance for services such as out-patient alcoholie and drug care. "We have not had a history of excluding things that we have traditionally covered." Mr Graham said. "Our philosophy is that we deal with acute care. "If you start to build into insurance long-term care then the costs of subscriptions have the costs of subscriptions have to go up and you limit the market. It is quite contrary to what people such as Mr Burleson of AMI suggest.

"There are certain aspects of

bealth care that are not appro-priate to insurance. Nobody, I am sure expects Bupa to insure for detention centres." Dentistry and GP primary care were also areas Bupa had found difficulties with. "We did

try with primary care some years ago," Mr Graham said, "but it is very difficult to pin down genuine illness. People may go to see their GPs because they are lonely. "The main problem is dis-tinguishing between the routine and the exceptional. We pay for exceptional needs that require surgery but not for



Robert Graham, chief executive of Bupa, Britain's biggest provident association.

cator of what the market

Expansion of the market, Mr Graham said, was a job of making continuing efforts to educate and permeate the market place and keeping pre-miums down to modest levels. "Bupa," he said, has lost market share over the last 10 years (currently some 70 per cent of the total private health care insurance market) but last year we brought into the market 400,000 new subscribers out of

the total of 475,000.

"We did put premiums up by 11.5 per cent in early January but they did not go up last June and our premiums are increasing the statement of the statement and our premiums are increas- also over-provision," said Mr ing by a lower rate than medical Graham. inflation.

unable to establish sufficient a problem for Bupa's 11 demand." Mr Graham said that bospitals, Mr Graham said. "We with some 3.2m subscribers are planning three more Bupa bad an unrivalled indibospitals in the near future but cator of what the market under-utilisation does not occur in our hospitals as we are careful where we put them and

try to reflect the needs of our subscribers. Bupa has no bospitals in central London where some eight new private hospitals bave opened since 1978 with the provision of more than 800 more acute beds. It is here that Mr Graham is most critical of the commercial sector and predicts a possible shake-out in the

London market "There might be some cheap hospitals coming onto the market in central London and in Birmingham where there is

As to the future of the proviroutine work such as fillings. It over-bedding, one of the simply is not suitable for the causes of spiralling inflation in has no fears for their continuingurance financing mechanism, the private health care business ing bealth. "Growth may be with some hospitals running at modest," he said, "but it will casualty units but have been 40 per cent occupancy, was not be constant."

Plea for a wider market

AMI's chief executive Gene Burleson tells ROBIN PAULEY why there should be an expanding market for services

THE CONFLECT between the providers of private medical care in Britain and the insurers has worsened and become more public in recent months. If the problems cannot be resolved American Medical International, Britain's largest for-profit hospital company, will enter the insurance market with its own insurance schemes and ebandon the traditional insurers like Bupa and PPP.

This blunt warning was given by Mr Gene Burleson, managing director and chief executive of AMI in Europe, during a wide-ranging interview. Mr Burleson is a quiet but

forthright 45-year-old Texan who test the financial services of Eastman Kodak to enter the Eastman Kodak to enter the private medical market 12 years ago because it was "new, exciting without a lot of old management policies and procedures and it had opportunities for someone who wanted to take some risk."

to take some risk."

He was financial director for AMI in Georgia and Texas before moving to London in 1981 and AMI had four bospitals; it now has 21. "We would like a bospital in the west country and one near Leeds and that will complete

greatly increased competition But the insurers have not kept for all sectors of the market up to date with these expanding and the growing disagreement between insurers and providers

over costs, both himting profits out of the same premium.

"The problem has been with Bupa and PPP who have been more interested in protecting their turf from one another than expanding the market," be said. Mr Burleson has been deeply

wounded by the public accusa-tion by Mr Boh Graham, Bupa chief executive, that companies like AMI are in Britain simply to make money to repatriate to the US. "We have 4,000 em-ployees and I am the only



Gene Burleson, chief executive of AMI, the largest for-profit US hospital company in Britain.

to bring in the patients, go to a new insurer or do our own insurance.

He thinks one of the prob-lems is the rapid way the UK market has changed with more people opting for the high-tech high comfort of hospitals in the for-profit sector. "For years Bupa was on the cutting edge

of private medicine and they were the spokesmen for it. All at once they found ont that maybe that was not true any

sation of our bospitals increased

by 19 per cent, Either the mar-ket is growing or we are taking

market share away from others and if we are doing thet we

must be dning something right

Mr Burleson is anxions to see general family medical insur-

somewhere."

American — hopefully my job bere. At the moment to do will be beld by a Briton one day. You eannot invest £123m in this country and then be told you are only bere to send money back home."

Less than 10 money and then be them is costing us several million pounds and without an agreement with Bupa on our

Less than 10 per cent of the British population is covered by private medical insurance.

"There have to be additional markets out there and we should be going after them by creating more creative types of insur-ance programmes to market to the population."

our acute bospital network."

The glittery days of openended profits in the sector are over and the industry is going through e severe "shakedown which will last another couple of years." One result of this is treatment centre for alcoholics.

AMI has started to test those markets by opening up on a number of fronts—primary care, a private accident and emergency facility, a psychiatric unit for detained patients, a treatment centre for alcoholics. markets, says Mr Burleson.

"With the recent announce-ment by both Bupa and PPP thet they are no longer going to cover outpatient alcohol care and psychiatric care we are being forced to look et the situation. Instead of offering a wider range of services health care in this country is becomthe same procedure for an outpatient even though it is

"So when they complain about costs let us look at some of the programmes. Why don't they cover outpatient surgery.

they cover outpatient surgery, why do they allow nnly £200 a year or whatever for outpatient work for a whole year, why don't they cover GPs?

"They keep talking about escalating costs hut as long es we segment the market to this extent costs will have to keep rising. It is time to make more available. The AMI pottey in the US picks up 80 per cent of all medical expenses and the all medical expenses and the other 20 per cent after the first \$1,000. That is what I would like to see here."

In spite of the present diffi-culties in Britain and the US, Mr Bucleson is bullish about the future of the market here. "But when I took at some of the people who bave come into the market recently and what they have paid for their hos-pitals I don't know what they are doing here.

"I think they have under estimated that it normally takes three to five years for a bospital to be in the black and investors aren't going to sit back and wait. I think we will see fewer and fewer of the free-standing agreement with Bupa on our aren't goir programmes we would obviously wait. I thin have to teke that money and and fewer either go into direct advertising bospitals."

The problem for the general acute sector was that most of the prime sites had gone and it was becoming more difficult to find a pocket of population to support a hospital.

"But there are other sectors still to be explored. We have hardly touched the geriatric market yet and occupational health is a very exciting growth erea. Our long-term strategy remains to develop private primary core and from that we would have spokes going out to all other sectors including hospitals and as integrated system of providing care we will eventually bring doctors into the system.

"I am very bullish about the market; it will continue to grow for those who can make a profit, But I find it totally asinine to say that the profit motive is killing the whole industry. It is wider range of services health care in this country is becoming more and more restricted.

"I'd rather not be in the insurance business and I'd rather Bupa was not in the hospital business, But we have launched our own insurance in the US (Amicare) and we are still exploring the possibility

e general family medical insurance in patient, out-patient and GP is ance covering all aspects of inspit and GP is patient, out-patient and GP is patient, out-patient, out-pat

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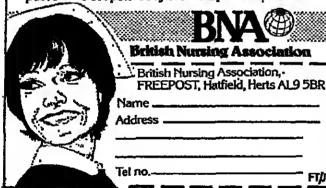
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Pitfalls in caring for the old

Ageing population **IUDY KIRBY**

WILL THE private sector be the future major provider of care and accommodation for elderly people in Britain?
With the 85-plus population expected to reach one million

by 2001 and continue growing, the foundations foundations are there for continued consumer interest in retirement care, but it is a growth industry fraught with Initial optimism was impaired

Initial optimism was impaired by the supplementary benefit saga. When the Government first decided to top up benefits to allow elderly people to find places in private homes because of long NHS waiting lists, there was a surge of interest from proprietors—and potential proprietors—of private nursing homes. The bubble soon burst, however, when the Government bowever, when the Government realised that maximum limits were being routinely charged, and benefits were sharply reduced to £138 a week for an able bodied pensioner in a bome, and to £190 for a depend-

This caused chaos with proprietors reverting to private patients only. For a time the acute wards of hospitals had to take elderly people with nowhere else to go. Benefit levels have now stabilised at levels have now stabilised at becoming overcrowded with shewen £170 and £230 a week more beds than patients, but for nursing home residents, according to dependency. As one proprietor put if — "you cannot drive a Rolls on these amounts, but you can make a mounts."

**Text of the elderly population could pay over £200 a week, and this was 1984 research. It is not there is noom for custom-built, a huge top end, but it is a large underprovision in high quality cannot drive a Rolls on these amounts, but you can make a mounts.

Fertility

Treatment

PETER MARSH

IN RECENT years, in vitro

fertilisation has emerged as an exciting technique that can

help infertile couples to become

The private bealth care in-

dustry, in Britain and else-where, has been at the fore-

front in setting up clinics to offer treatment based on in

the technique is not, however, without controversy. Some people object on moral grounds to anything which interferes

The dire consequences of

such work, according to the more fevered of these views,

could be of the type hitherto confined to the minds of science

technique is growing all the time, perhaps only 5 per cent

parents.

tation. Large loans will be it has little room to manoeuvre in providing alternative NHS care and will increasingly look to a rest home has leapt up in the last three years.

According to Peter Stanniland, a council member of the Association, a 20-bedded home which could be bought for between £160,000 and £200,000 is now priced at £300,000 to £350,000. "I would be very wary coming into this business now," be says "there are three homes in my area which are currently failing."

Mr Stanniland runs the Arbour nursing home in north Somerset, which he converted from an isolation bospital, after a long search for the right place. Situated in the Mendip Bills in an area of outstanding natural beauty, he was unable to convert the exterior but car-ried out a full internal conversion costing £500,000. The hospital cost £200,000 to buy, There are 70 patients, some terminally ill, and 60 per cent are supplementary benefit residents.

"We could take 100 per cent we could take IW per cent private patients," says Mr Stanmiland "but this is not our
policy. My wife worked in the
NHS and we decided to provide
something that the
NHS
couldn't give." The private
sector is the biggest carer of terminally ill patients after the

cannot drive a Rolls on these amounts, but you can make a profit."

For anyone considering becoming a proprietor of a projects could fail in the first 12 at this level."

The best known name in the sheltered accommodation sphere, a specialist nursing home, but projects two or three years."

The best known name in the sheltered accommodation sphere, a specialist nursing home, but projects could fail in the first 12 at this level."

The best known name in the sheltered accommodation sphere, a specialist nursing home, but projects could fail in the first 12 at this level."

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The best known name in the sheltered accommodation sphere, a specialist nursing home, but projects could fail in the first 12 at this level."

The best known name in the sheltered accommodation sphere, and there is room for care at this level."

The best known name in the sheltered accommodation sphere, are said there is room for care at this level."

The best known name in the sheltered accommodation sphere, are sheltered accommodation sphere.

healthy baby by this method. In the best clinics, the success rate per treatment (for which the

experienced with the technique.

sation appears to have enormous potential. In Britain alone, an

estimated quarter of a million couples may be suitable for the

In such cases, eggs from the

during the monthly process of ovulation.

The woman is normally given

needles inserted through the abdominal wall.

Laparoscope

connect to the minds of science
fiction novelists—the work
could include the breeding by
crazed scientists of private
armies and the generation of
new forms of life by the mixing
in the laboratory of biological
material from different species.

On a more armies along

On a more armies leave

Supplication of releasing
one egg at a time, she releases
several, perhaps as many as 20.
In practice, as many eggs as
possible are recovered. This
is normally done in a minor
supplication of the mixing one egg at a time, she releases
several, perhaps as many eggs as
possible are recovered. This

in the laboratory of biological possible are recovered. This material from different species. is normally done in a minor On a more pragmatic plane, surgical operation in which a arguments continue, too, on the degree to which in vitro methods can contribute to the problems of infertility. can view internal organs. The Although experience with the eggs are booked out using tiny than the contribute of the

of all infertile couples can be helped by the treatment.

Furthermore, even those women judged suitable for in vitro fertilisation have only a low chance of producing a he wants to recover with the

None the less, in vitro fertili-

William Laing has described an William Laing has described an expansion in private care for the eiderly, already a \$600m-plus market, in the top and bottom ends of provision.

"Location is all important. You "Location is all important. You can succeed taking supplementary benefit residents if you are out of London and the Home Counties," he says, "you can do it in the south-west or the north-east and even the south coast. In those areas where the

limits are adequate it can be viable.

The target

In his major market survey of private and residential care, Mr Laing identifies the top end of the market as a target for large developers, both health care providers and builders. He forecasts that public and volumforecasts that public and volum-NHS, he says, "something tary provision would remain which is not usually acknowledged."

He thinks that the straightforward nursing home business of the elderly population could

rational price structure in the longer term."

Paying for test tube babies

in the Wirral. There will be 24-hour care from qualified built homes

built homes.

M & S's research hag told them that there is a big demand for high quality nursing homes from elderly people with a valuable property which they cannot maintain through ill-health. Now that dual registration is possible, homes may keep residents who become ill and dependent, caring for them in a nursing wing, and some in a nursing wing, and some homes are now operating on these lines.
At Bezhill, all rooms will

have central heating, colour TV, an alarm system and room for "The Government may bow to the private sector demand for supplementary benefit limits to vary regionally, and then we might see a different London rate in future. Supplementary benefit officers have no idea of value for money—you can't ask them to work out rates. These problems are being looked et and there may be a more rational price structure in the rivate nursing care sector.

the private nursing care sector.
The Centre for Policy on Ageing has produced Home Life: A
Code of Practice for Residential Care, which appeared after the Government announced new measures for registering and inspecting private homes last

Help in setting up a home comes from the Registered Nursing Homes Association in e two-level service to potential proprietors. A £40 starter pack gives sufficient information to do a feasibility study, and the Association's £150 much-ac-claimed manual gives a thorough guide to starting a nursing home, right down to how many TV licences are

Registered Nursing Home Associations: 7-7a Station Rd, Finchley, Tel. 346-1224. Care of Elderly People: The market for Residential and Nursing Homes in Britain. Laing and Buisson, 1 Perren St, London

future work in vitro fertilisa-tion. Such research is, bowever, distasteful to people who

distasteful to people

Embryos

A related issue is the length

implanted in a womb of a

woman for further growth. At

least in theory, embryos pre-served for unlimited periods by irresponsible or criminal organ-

such as a statutory licensing authority to supervise all such work and the 14-day limitation on embryo research.

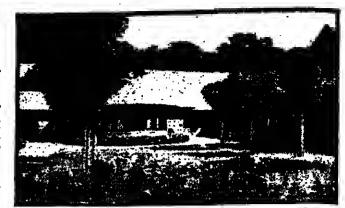
The Government has, how-

for legislation. In the si sence

of a statutory licensing body, the Medical Research Council and the Royal CoHege of Obstetricians and Gynaecolo-

gists are operating a voluntary

licensing scheme, to which some 30 UK centres involved in in vitro work are subject.



The Princess Alice Hespice, Esher, Surrey, opened part of its 26-bed in-patient unit at the end of last year and has been providing home care services in support of doctors for some time. It is a completely voluntary organisation.

Hospices take on bigger role

Voluntary Sector DAVID LOSHAK

NO COUNTRY which has such a notable corps of bodies as St John Ambulance, the Samari-tans, the Red Cross, the WVS, Release, and a host of similarly dedicated organisations, not least among whom are the many Leagues of Friends who lighten the cares of patients in hospi-tals, need feel that the spirit of voluntarism in the field of health care has faded or is in danger.

It is true that in recent years the voluntary sector has some-times seemed to be losing ont, particularly in relation to the rise of commercial provision. The presence of volunteers in National Health Service hospitals has also, on occasions, aroused the ire of NHS trade unionists, who have seen voluntary workers as potential black-legs in times of industrial dis-

pute.
One thing, however, is clear.
The image of the volunteer as a do-gooding, flowery-hatted, twin-set and pearls fusspot is well and truly dead. Today's volunteers, both individuals and organisations, do not just fiddle about with flower arrangements

No field of voluntary work shows this more vividly than what bas become the most significant voluntary movement of all, the hospices. Because the medically non-specialist care of the dying, while sometimes superb, has often been no better than "unsympathetic dismissal," in the Lancer's words, the hospice movement has grown rapidly in response to the need to improve care.

Twenty years ago in Britain there were no hospices which provided care for the dying backed by modern techniques of pain and distress relief (although, of course, several religious institutions cared An uneasy compromise has resulted, at least for the moment. Under present prac-tice in both Britain and the US with natural birth methods and which produces embryos fertilised anywhere than in the lised anywhere than in the lised anywhere than in the world's first test tube doctors can conduct research on tenderly for the fallopian tubes in a baby, Louise Brown, was born embryos as long as they are Today there are nearly 100, and in 1978. Since then about 2,500 less than 14 days old. (In fact, the number is growing apace, have appeared, most of them in with current techniques it is All are voluntarily funded, have appeared, most of them in with current techniques it is All are voluntarily funded. either woolly or in large

This modern movement began This particular age limit with the pioneering work of emerged because only after 14 Dame Cicely Saunders, as nurse days does the embryo take on social worker and physician. social worker and physician. anything like a human form. At about this time, the cluster of cells that is an early embryo begins to feature a concentra-She learned, and taught others, of the dving and saw the route to the total control of pain. In 1967, she opened St Christo-pher's Hospice, Sydenham. tion of biological material called the "primitive streak" from which evolves the begin-Hospices aim to care both for the terminally ill and their nings of the body's neural

families. So treatment includes not only the control, largely through drugs, of symptoms, of which breathlessness, coughing, yomiting and weakness can be fust as distressing as pain, but also support and comforting at a time when fear and loss of independence and dignity are no less upsetting.
The patient, in other words,

is not just a medical "case."
All the patient's psychological,
social and shove all spiritual
needs and problems come into Patients and their dear ones

Patients and their dear ones need time and opportunity to voice their fears and hopes. account voluntary organised Listening and response are therefore a vital part of hospice care. By the same token, care does not end when death supervenes: most bospices have support services for relatives, a valoable way of easing or preventing the psychiatric and, assured and acknowledged role.

indeed, physical problems that can afflict the bereaved. The hospice team is neces-sarily more multidisciplinery than most medical teams. Doctors, nursea end social workers are joined by therapists of several kinds, depending on need, and of course by a chaplain, priest or other pastoral counsellor.

The expansion of the hospice

movement means that several systems of care for the dying have developed. Many people prefer to live out their last days et home, so most hospices pro-vide care in collaboration with

Voluntary bodies such as the Macmilian nursing services, the Netional Society for Cancer Relief and the Marie Curie Foundation, play a key role in

The future of the hospice movement—and it surely has one which will see further considerabla expansion, for there is much unmet need—is bedevilled by the problems of financial support

devilled by the problems of financial support.

As the British Medical Journal has pointed out, bospices, for all their air of sanctity, are fundamentally bospital units like any other, with staff who need payment, buildings that need repair, bills for food, heat and laundry which have to be paid. Several which have to be paid. Several hospices are in financial diffi-culty and St Christopher's itself has, had to struggle in recent years to overcome a beavy accumulated deficit. It needs at least £50,000 a month, largely

least £50,000 a month, largely from the local community, to meet the gap between its NHS support and the full costs of its £2 beds.

In a Commons debate last May, Mr David Amess, MP for Basildon, ventilated a similar

problem with St Luke's Hospice in his own constituency.

Building it. he pointed out, meant that £500,000 needed to be raised over three years, even though the local development corporation was providing belp, as were architects and others, with reduced fees. One particularly onerous part of the cost burden was VAT totalling more

Major role

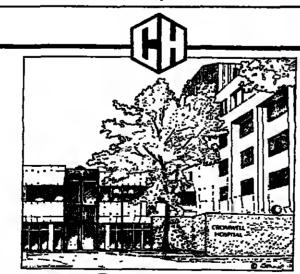
Responding, Mr John Patten, then at the bealth department and whose own constituency in Oxford has a similar locally-supported hospice, could see no chance of the Government being able to help on that score. But he did call for further growth of the bospice movement and underlined, too, the voluntary sector's major role in cancer research. Voluntary bodies such as the Imperial Cancer Research Fund and the Cancer Research Campaign pay for more than half of the nation's research into cancer and its relief. The voluntary services, Mr Patten emphasised—and it is a

view that successive governments have consistently upheld—can and should contribute significantly to the nation's health services as a whole.

"In the past," the minister added, "there have here criticisms of health authorities for not taking voluntary organi-sations into account. That must

stop.

"Health authorities have a take into



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CHOMMYELL ROLLONDON SWSOTKI TEL: 01-220-4233 TELEX: 89358942803405.G

are used in implanting. What then happens to the "spare" locates them with ultrasound. embryos is a delicate matter.

Physicians think that, by probing the evolution and In the laboratory, the eggs per treatment (for which the comple may pay £1,000-£2,000 are dertilised with some of the upwards) is about one in four. male partner's sperm. Despite the ratio can easily fail to 1 the term "test tube babies" in 10 in centres which are less which is applied to offspring genetic make-up of embryos, they may be able to shed light produced by this technique, fertilisation takes place in open glass dishes, rather than in on diseases related to genetic defects, multiple sclerosis and Down's syndrome for example. Research on the "spare" embryos is, from this point of view, highly desirable. Just as important, it may help to produce better techniques for

· The tiny embryos so produced—normally no bigger than a speck of dust—are then implanted into the womb of the The principles of in vitro fertilisation are straight-forward. It can be applied when the reproductive organs of couples are working normally—except for the fact that the fallopian tubes of the woman (which carry eggs from the ovaries to the womb) are blocked or damaged.

The principles of in vitro a speck of dust—are then implanted into the womb of the woman. Normally this takes place when the embryos are two-three days old. If all goes two-times to grow normally, relying on nutrients from the mother's blood stream, and a baby results some nine months later. to plan, the embryo then con- accord to embryos the status tinnes to grow normally, rely- of unborn children. months later.

hospitals either in Britain or very difficult to keep embryos either v Australia, with smaller numbers alive in the laboratory for more measure. in the US and other European than 8-10 days.)

Britain's tally of test tube babies stands at about 800, 550 of them born at a private clinic set up at Bourn Hall, near about thi Cambridge, by the two men cells that who have pioneered in vitro begins to techniques, Mr Patrick Steptoe and Dr Robert Edwards.

Other leading centres in Britain include London's Hammersmith Hospital and two private clinics in London the system.

wate clinics in London, the Wellington and Cromwell hos-pitals. Other bospitals in Bristol, Manchester, and Glas-gow are among those introduc-ing treatment based on in vitro of time embryos may be stored in a frozen state before being

In vitro fertilisation is available only rarely under the National Health Service. Even where mothers undergoing the treatment are in public hospiisations could meet a number of fates which are limited only by the imagination. Doctors could, for instance, experiment with tals, they normally have to pay
for it under private medical
schemes. In only one hospital
—St Mary's Hospital in Manchester—has a local health
anthority paid for the full costs
of setting year a corriect to prethe embryos (perhaps to intro-duce into humans special genetic traits) or implant a number of embryo "clones" into surrogate mothers with the goal of breeding some kind of amortor species. of setting up a aervice to pro-vide the treatment. The lack of official enthusiasm auperior species.

in the NHS for in vitro methods is partly due to their cost. In the private sector, a couple who after a run of poor results (par-haps due to embryos failing to implant properly) have several attempts at in vitro fertilisation can easily run up a bill of several thousand pounds. The treatment itself, involving regu-lar trips to hospital for bormone injections or blood tests. is also not only expensive but extremely fraught.

The health establishment, in the UK as elsewhere, is also cantious about in vitro methods because of the controversy about the ethics of the treat-Much of the discussion stems

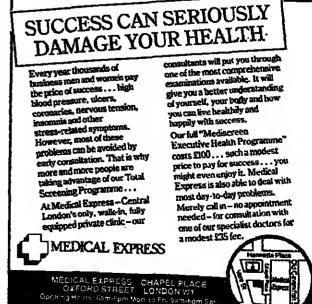
from the fact that, in most in vitro work, more eggs are fertilised than are needed for one individual treatment. This is so that the physician can choose the most bealthy looking embryos to implant in the womb. Also the doctor may want to keep some embryos in a frozen state, for implanting in the woman perhaps some months later should the treat-

ment fail initially.

The result is that out of (say) eight embryos growing in special chemicals in the laboretory only two or three

According to a committee chaired by Dame Mary Warnock, which was set up by the Government four years ago to inquire into buman fertilisation, and embryology, a time limit of 10 years should be set om such storage. The committee, which reported in July 1984, also suggested other measures to regulate in vitro methods,

In parliament, meanwhile, some MPs are anxious to introduce lagislation to give greater legal protection to embryos that in vitro fertilisation. along these lines is being introduced by Mr Kenneth Hargreaves, the Conservative MP for Hyndburn, though it is by no means certain to reach the statute book. **ENQUIRIES TEL: 01-499 1991**





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pany in the world.

TO SHOW YOU CARE





Top left: test of lung function at a Bupa medical centre; bottom left diagnostic X-ray with the latest remote controlled equipment and (right) a computerised Ergostar (gas analysis equipment) linked to a treadmill to measure cardiac and quetabolic changes during exercise.

Big demand for fitness monitoring

Screening PETER MARSH

REGULAR SCREENING of people to monitor signs of disease is one of the fastest growing areas in the privete health care industry.

Screening programmes start from the standpoint that an in-dividual's health, just like any other factor in his or her personal or business life, will benefit from good management.

Consultations with a doctor once a health problem is evident is not, according to this thesis, enough. A more intelli-gent and fruitful strategy is regular checks to ferret out signs of health problems before they become symptoms.

Such checks are, nowadays, more than just a hrief conver-sation with a doctor to establish whether specific parts of the hody appear to be in good order. Under screening pro-grammes now available, a range of modern technology is hrought to bear to monitor while one in four men of this organs such as the heart and age group suffers from the

preventive medicine and the save the lives of the majority of to some degree to determine amount of time their doctors the 2,000 or so women in whether these people are

For example, a major step forward in fighting diseases of the beart and vascular system —which in Britain are responsfole for 150,000 deaths a year, or half of all mortality—would occur if the country's general practitioners had the time and inclination to monitor their petients' blood pressure on each surgery attendance.

High blood pressure often gives an early sign that e person is suffering from a disease of this sort, Better public eppreciation of this and the other risk factors behind heart disease such as smoking leck of exercise, obesity and fatty foods, would belp the UK to reduce its high total of deaths from this cause,

Highest

Britain's tally of deaths through heart disease is among the highest in the world and a special problem in relatively young people. One out of 10 men, for instance, will die of heart disease before he is 65,

can allot to them than with Britain who die from this any breakthroughs in medical disease each year. Countries such as Sweden, the US and Iceland which have introduced screening programmes of this sort have shown how the approach can cot deaths from the disease, which if spotted early enough can invariably he cured.

Bupa, the private health care company, is the leader in providing systematic health screening in Britain. Each year the company assesses in this way the health of some 50,000 possile most of them experience. people, most of them employees of companies which pay tha charge of roughly £180 as part of e benefits package.

The screening service offered by the company, which it recommends should be repeated every three years hy someone aged under 35 and

In Britain, probably no more han about another 50,000 people a year receive such systematic health assessments, hrought to bear to monitor organs such as the heart and lungs and to checks for signs of diseases such as cancer.

Screening is concerned much more with factors such as the attitudes of individuals towards are such as the such

capable of sports such as marathen running but also to spot very early signs of heart disease.

These tests are directly akin to examinations in industry of machinery while the hardware is operating under heavy load. In conventional investigations of the heart, electrical pulses from the organ are monitored with an electrocardiogram while the person is at rest or involved in only moderate exertion (such as walking up and down steps).

A treadmill

In fitness monitoring, the person has to run or walk on a treadmill whose speed is adjusted to fit the individual's physical capabilities. During the process, tha heart is monitored with an ECG. At the monitored with an ECG. At the same time, gas-analysis machinery into which the problems, together with checks on parts of the body such as the heart and analysis of blocks. ing into useful work hy muscular action.

Results from the tests can tell the physician details about tell the physician details about the state of the person's heart and lungs as well as his or her general muscular condition. Virtually no one other than top-class sportsmen received such monitoring in Britain until three years ago.

gramme or exercise and user to fit an individual, Dr Dayles says that about 8 per cent of the people who visit his centre—many of them relatively young executives aged 30-50—are suffering from heart disease and do not know it. A total of the people who will be a suffering from heart disease and one of the person's heart fit an individual, Dr Dayles says that about 8 per cent of the people who visit his centre—many of them relatively young executives aged 30-50—are and one of the people who will be a suffering from heart disease.

which is owned by AMI, the US hospitals group and is based in Cheadic, near Manchester, is testing about 1,500 peopla e year, while Bupa, at e fitness-assessment unit in London, is Demand has been so great that Bupa is due shortly to start a similar unit in Manchester. Both companies charge £150-£180 for an examination of this

Dr Bruce Davies, technical director of Physiometrics who is also a researcher et the University of Salford, says thet many ECG's taken of people under resting conditions are useless in detecting signs of heart defects, which become evident only when the heart is put under stress.

Such defects are the cause, for instance, of the large numbers of seemingly healthy

people whose bodies are not used to stress and who dle from heart ettacks while involved in sudden exertions such as digging snow or playing squash. Physiometrics works out from the fitness test and a general medical examination a pro-gramme of exercise and diet to fit an individual. Dr Dayles says

have years ago.

Since then two companies 80 per cent have risk factors have started up fitness assessments of this kind on e feetracting the condition at an paying basis. Physiometrics, early stage.

For-profit hospitals feel the pinch

The U.S.

TERRY DODSWORTH

OCTOBER 2, 1985 is a date that will be long remembered in the private, profit-oriented US health care business. In one trading session on Wall Street that day, the industry suddenly lost the glitter which bad attrected investors to give it star rating after its 20-year rise from obscurity.

rise from obscurity.

As share prices plummeted, so did the image of invulnerability in which the companies hed basked during e pariod of staggeringly rapid expansion.

Now that the dust has settled on this Well Street fracas, conclusions are being drawn about the future of the industry. The first, and parhaps drawn about the future of the industry. The first, and parhaps most important, is that the private hospitals are themselves subject to the same financial pressures as the public sector groups where the problems hecame visible

This message was drummed home by the October 2 incident, which was sparked by a poor earnings report from American Medical International (AMI), and accompanied by a gloomy forecast from Hospital Cor-poration of America (HCA), the largest of the private, for-

profit organisations, and the doyen of the Industry. Until the earnings problem surfaced, the for-profit hospitals had appeared to be the main beneficiaries of changes ham-mered out by Washington in the way health care payments are administered in the US. Under this new regime, brought in by the Reagan Administra-tion in 1983, the system of medical payments has been altered to a fixed, standardised price per medical intervention. Rather than hospitals charg-ing fees that are highly variable ending on the treatment

which they determine, they now have an incentive to hold costs to e certain pre-deter-mined price; if they perform their services at less than the price, they reap the gains financially, while if they exceed the guidelines, they take the

For some time after this reform came in, It looked as

In response to these various The for-profit groups, however, ere now clearly suffering from the same Medicare-releted allments as the other types of hospitals. One research study, conducted by the Johus Hopkins School of Public Health and wholesaler of hospital couples. conducted by the Johus Hopkins
School of Public Health and
Lewin and Associates, even suggests that while the for-profit
beginning the state of the hospitals may make alightly more efficient use of their physical plent, the main reason vertically integrated business. This deal eventually foundered. allowing American Hospitel Supplies to be snapped up hy Baxter Travenol, the medical products manufacturer. that these companies have generated stronger profits over the years is through higher prices "lovestor-owned chain

A more common theme in the hospitals set prices competi-tively fur the more visible room and board services, while reorganisation trend is the reorganisation trend is the effort to create multi-service husinesses, embracing various elements of health care provision, from insurance to specialised psychiatric hospitals, nursing homes and Health Maintenance Contaminations vices," the report says.

A related difficulty for hospitals in general is the tougher attitude to health care Maintenance Organisations (HMOs).

In his thrust for expansion, HMOs have become the hottest businesses in US heelth care, attracting keen interest on Wall Street.
The basic concept of the

ing health insurance plans to their employees. Mirroring the action of the Government ovar Medicare, the corporate sector

Leading U.S. Companies

setting higher prices for the less noticeehle ancillary ser-

costs that has steadily developed in corporations offer-

profits Employees Hospital Corp of America (HCA) 79,000 121.3 69.100 National Medical Enterprises 42,500 193.3 40,000 137.1 American Medical International

Beverly Enterprises has increasingly tried in wage HMOs is to provide full medical settlements with the big unions and hospital henefits for a to draw up agreements which put e cap on hospital costs. As e result, the rise in health costs has diminished to around the rate of inflation from double the general rise in prices in the early 1980s, putting a further squeeze on hospital income in

A third pressure point for the hospitals has been a severe drop in the number of hospital admissions. As a result of tha restraints on spending in both the public and private sectors, edmissions are reckoned to have the public by the characteristics. fallen by about 8 per cent in the last two years, with hospital occupency rates down to 65 per cent last year from 75 per cent in 1980, and expected to fall to around 60 per cent by 1990.

As the number of unfilled beds goes up, hospitals are

and hospital henefits for a uniform, prepaid monthly fee paid for hy the individual or a company health benefit scheme. While patients give up the

freedom to choose doctors and hospitals, they have more containable costs,
Humana, the Louisville.
Kentucky-based investor-owned hospital company that hes pioneered the use of artificiel hearts, is already one of the latest HWO constraints in the latest HMO operators in the US, with 350,000 members.

In addition, many of the large investor-owned groups are now moving into health insur-ance and even tha most radical new area of medical care, the so-called ahop-front chnics, sometimes known colloquiely as "doc-in-the-box" centres. Analysts believe that in the

longer term these developments will lead to the establishment though the for-profit investorowned groups were adapting to
it more effectively than their
competitors. The for-profit
be hospitals, run hy private companies with the objective of
context groups the hest earnings
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IF ALL PRIVATE HOSPITALS WERE THE SAME...

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- They would provide 24 hour medical cover.
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BUT THEN ALL PRIVATE HOSPITALS WOULD BE THE SAME!

For further information please contact the Chief Executive, Dr. G. B. Scholes, St. Martins Hospitals Limited, Porchester House, 91 Wimpole Street, London, W1M 7DA. Tel: 01-629 1501. Tix: 21283 STMART G.

The Devonshire Hospital
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Expansion which causes anxiety

Psychiatric Care

DAVID LOSHAK

THERE ARE times when the providers of private health care might be forgiven for har-

at Bassingbourn, near Cam-hridge, opened by American Medical International last September.

cal work, leaving the hard slog to the National Health Service. to the National Health Service. Yet, as soon as AMI announced that it planned to provide rehabilitative treatment for one of the most difficult groups of all, mentally disordered eduks who are hard to place elsewhere, it came under heavy and still continuing, attack.

It was also attack that was not always correctly informed. Cambridge Community Health Council, for example, stigma-tised Kneesworth as "a psychiatrich sin bin where un-

got lost. In particy ar, the idea got around that Kneesworth was a secure unit, with patients locked in their rooms, rather than merely a closed unit, with The private sector is repeatedly accused of going only for the easy pickings, seeking only the most profitable and least intractable forms of mediseriously violent or dangerous people, or petients for whom security rather than treatment must be the prime considera-

The hospital has been licensed by Cambridge health authority. It expects to accom-modate shout 35 patients aged 18 to 50, rising to a maximum of 49 in the louger term.

Some will be referred privately or by courts but most will come from the NHS. The diagnostic categories covered in-cluda psychoses, schizophrenia, nality disorders and bor-

a rehabilitation programme which provides occupational therapy, social skills training, recreational therapy, education, providers of private health care might be forgiven for harbouring a persecution complex. For in the eyes of their critics, it seems, whatever they do is wrong.

That is certainly their percepthat is certainly their p

Carole Woodiwis, managing director of AMI's subsidiary Psychiatric Management Services, which runs the hospital, argues that this programme is not punitive hut provides "positive reinforcement." It is provenly successful, she con-

Privileges such as sweets, extra television viewing and trips into town are awarded to those who behave well; patients who are "difficult" or "antisocial" will have these withdrawn. There is nothing unethical in that, says Dr Keith Cornish, the psychietriet in Cornish, the psychietrist in

"We follow strictly the model procedures laid down in the Mental Health Act and adhere to all current aspects of ethical standards." For its part, the Health De-

dumped." Mind described the unit as "e Frankenstein," forgetting that Frankenstein was not the monster, but its creator.

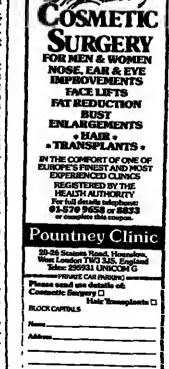
Mind, the mental health pressure group, and other bodies voiced anxiety that a private company rather than the state would be keeping natients.

Where there is behaviour disputation of the state and subject to other rigorous controls, including inspections, approaches as medication and electric shock treatment, plus and the local health authority. "Guidelines for the conduct of behaviour modification probehaviour modification pro-grammes are established," It points out.

A further important point about Kneesworth is that it has about Kneesworth is that it has a staff complement of 30. This is an exceptionally high ratio of staff to patients and permits very thorough care. While the fees of £650 a week for each patient might seem high at first sight, they cannot in this light be regarded es unreason-able.

After the intensive treatment and rehabilitation programme, a social worker will help each petient plan a successful return to the community. Kneesworth is not AMI's

kneesworth is not AMI's only psychiatric unit, though it is the only one of its particular kind. The company is well advanced with its plans for e network of Oakhurst alcohol treatment centres and has other kinds of clinic and day care units on the drawing board. To health ministers of the present Government, such developments are welcome, marking as they see it, constructive collaboration between the public and private health



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